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**FUSHENG PRECISION CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2023 AND 2022**

Address: 3F., No. 172, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Independent Auditors' Review Report Translated from Chinese

To Fusheng Precision Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Fusheng Precision Co., Ltd. (the “Company”) and its subsidiaries as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income, for the three-month and nine-month periods ended September 30, 2023 and 2022 and consolidated statements of changes in equity and cash flows for the nine-month periods ended September 30, 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Unqualified Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at September 30, 2023 and 2022, and their consolidated financial performance for the three-month and nine-month periods ended September 30, 2023 and 2022, and their consolidated cash flows for the nine-month periods ended September 30, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Yang, Chih-Huei
Chang, Chiao-Ying
Ernst & Young, Taiwan
November 9, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and independent auditors’ review report are not intended for use by those who are not informed about the accounting principles or reviewing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statement Originally Issued in Chinese
FUSHENG PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2023, December 31, 2022 and September 30, 2022
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of		
		September 30, 2023	December 31, 2022	September 30, 2022
Current assets				
Cash and cash equivalents	4,6(1)	\$4,683,020	\$4,508,094	\$3,641,424
Financial assets at fair value through profit or loss - current	4,6(2)	169,587	159,459	417,729
Financial assets measured at amortized cost - current	4,6(3),6(18),8	118,264	210,930	211,153
Notes receivable, net	4,5,6(4),6(18)	18,737	5,974	4,277
Accounts receivable, net	4,5,6(5),6(18),7	3,155,733	5,642,285	5,116,554
Other receivables	4	231,706	265,437	261,280
Current income tax assets		35,118	22,838	-
Inventories, net	4,5,6(6)	2,858,532	4,338,048	4,796,011
Prepayments		215,531	292,398	232,422
Other current assets		1,341	16,185	413
Total current assets		11,487,569	15,461,648	14,681,263
Non-current assets				
Financial assets at fair value through profit or loss - non-current	4,6(2),6(11)	46,619	2,228	1,940
Financial assets measured at amortized cost - non-current	4,6(3),6(18)	517	518	490
Property, plant and equipment	4,6(7),7,8	5,163,781	5,014,764	5,027,585
Right-of-use assets	4,6(19),7	610,438	670,793	464,693
Net investment property	4	9,397	9,466	9,473
Intangible assets	4,5,6(8)	660,672	687,706	690,165
Deferred tax assets	4,5	84,732	135,792	121,892
Prepayment for equipment		27,320	79,007	106,889
Refundable deposits	7	54,886	54,586	60,989
Other non-current assets - others		385,751	454,617	453,471
Total non-current assets		7,044,113	7,109,477	6,937,587
Total assets		\$18,531,682	\$22,571,125	\$21,618,850

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English Translation of Consolidated Financial Statement Originally Issued in Chinese
FUSHENG PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2023, December 31, 2022 and September 30, 2022
(Expressed in Thousands of New Taiwan Dollars)

Liability and Equity	Notes	As of		
		September 30, 2023	December 31, 2022	September 30, 2022
Current liabilities				
Short-term loans	4,6(9),8	\$662,910	\$1,429,139	\$1,827,330
Contract liabilities	4	53,996	145,888	164,372
Notes payable	4	505	222	247
Accounts payable	4,7	2,470,577	3,453,719	3,563,283
Other payables	6(10),7	1,368,041	1,746,711	1,517,694
Current income tax liabilities	4,5	376,098	960,528	823,005
Current provisions	4,5,6(14)	34,516	34,770	54,207
Lease liabilities - current	4,6(19),7	66,983	31,784	55,279
Long-term liabilities - current portion	4,6(12)	-	20,206	21,776
Other current liabilities		20,009	22,160	33,598
Total current liabilities		5,053,635	7,845,127	8,060,791
Non-current liabilities				
Bonds Payable	4,6(11)	1,170,168	1,447,614	1,448,653
Non-current provisions	4,5,6(14)	29,818	9,724	9,642
Deferred tax liabilities	4,5	85,276	81,484	94,167
Lease liabilities - non-current	4,6(19),7	258,382	336,108	287,770
Net defined benefit liabilities	4,5	59,074	82,637	196,774
Guarantee deposits		3,758	5,663	5,726
Other non-current liabilities		3,085	4,432	243
Total non-current liabilities		1,609,561	1,967,662	2,042,975
Total liabilities		6,663,196	9,812,789	10,103,766
Equity	4,6(15)			
Common stock		1,325,735	1,310,300	1,310,300
Certificate of entitlement of new shares from convertible bond		-	314	-
Additional paid-in capital	4,6(11),6(15)	2,220,703	1,932,929	1,924,430
Retained earnings				
Legal reserve		2,013,994	1,530,772	1,530,772
Special reserve		421,540	630,454	630,454
Unappropriated retained earnings		5,075,944	6,562,732	5,427,254
Total retained earnings		7,511,478	8,723,958	7,588,480
Other components of equity	4			
Exchange differences on translation of foreign operations		(405,332)	(421,540)	(425,703)
Total equity attributable to stockholders of the parent		10,652,584	11,545,961	10,397,507
Non-controlling interests	6(15)	1,215,902	1,212,375	1,117,577
Total equity		11,868,486	12,758,336	11,515,084
Total liabilities and equity		\$18,531,682	\$22,571,125	\$21,618,850

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Consolidated Financial Statement Originally Issued in Chinese
FUSHENG PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month and nine-month periods ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Accounting Items	Notes	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
		2023	2022	2023	2022
Operating revenues	4,6(17),7	\$5,225,257	\$8,044,110	\$17,369,092	\$24,499,617
Operating costs	4,6(6),6(8),6(13),6(19),6(20),7	(4,013,474)	(6,006,797)	(13,575,861)	(18,505,378)
Gross profit		<u>1,211,783</u>	<u>2,037,313</u>	<u>3,793,231</u>	<u>5,994,239</u>
Operating expenses	4,6(8),6(13),6(19),6(20),7				
Sales and marketing expenses		(129,679)	(168,175)	(380,488)	(481,506)
General and administrative expenses		(357,760)	(369,310)	(1,034,835)	(1,059,859)
Research and development expenses		(165,571)	(164,490)	(466,453)	(455,906)
Expected credit (losses) gains	6(18)	11,493	(5,879)	(2,230)	(1,350)
Total operating expenses		<u>(641,517)</u>	<u>(707,854)</u>	<u>(1,884,006)</u>	<u>(1,998,621)</u>
Net operating income		<u>570,266</u>	<u>1,329,459</u>	<u>1,909,225</u>	<u>3,995,618</u>
Non-operating income and expenses	4,6(19),6(21),7				
Interest income		29,996	10,798	102,688	20,234
Other income		34,926	42,427	114,191	152,304
Other gains and losses		25,427	417,302	273,597	806,542
Finance costs		(12,683)	(18,464)	(50,020)	(40,214)
Total non-operating income and expenses		<u>77,666</u>	<u>452,063</u>	<u>440,456</u>	<u>938,866</u>
Income from continuing operations before income tax		647,932	1,781,522	2,349,681	4,934,484
Income tax expenses	4,5,6(23)	(126,279)	(341,810)	(570,207)	(1,012,418)
Net income from continuing operations		<u>521,653</u>	<u>1,439,712</u>	<u>1,779,474</u>	<u>3,922,066</u>
Other comprehensive income(loss)	6(22)				
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		202,585	76,124	12,968	218,275
Total other comprehensive income, net of tax		<u>202,585</u>	<u>76,124</u>	<u>12,968</u>	<u>218,275</u>
Total comprehensive income		<u>\$724,238</u>	<u>\$1,515,836</u>	<u>\$1,792,442</u>	<u>\$4,140,341</u>
Net income attributable to:					
Stockholders of the parent		\$470,285	\$1,354,442	\$1,704,016	\$3,696,747
Non-controlling interests		51,368	85,270	75,458	225,319
		<u>\$521,653</u>	<u>\$1,439,712</u>	<u>\$1,779,474</u>	<u>\$3,922,066</u>
Comprehensive income attributable to:					
Stockholders of the parent		\$655,689	\$1,426,734	\$1,720,224	\$3,901,498
Non-controlling interests		68,549	89,102	72,218	238,843
		<u>\$724,238</u>	<u>\$1,515,836</u>	<u>\$1,792,442</u>	<u>\$4,140,341</u>
Earnings per share(NT\$):	6(24)				
Earnings per share - basic		<u>\$3.55</u>	<u>\$10.34</u>	<u>\$12.90</u>	<u>\$28.21</u>
Earnings per share - diluted		<u>\$3.48</u>	<u>\$9.85</u>	<u>\$12.36</u>	<u>\$27.67</u>

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Consolidated Financial Statement Originally Issued in Chinese
FUSHENG PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGE IN STOCKHOLDERS' EQUITY
For the nine-month periods ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Total equity attributable to owners of parent									
	Capital			Retained earnings			Other Components of Equity			
	Common stock	Certificate of entitlement of new shares from convertible bond	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Total	Non-controlling interests	Total equity
Balance as of January 1, 2022	\$1,310,300	\$-	\$1,665,067	\$1,295,039	\$604,273	\$3,564,781	\$(630,454)	\$7,809,006	\$763,764	\$8,572,770
Appropriation and distribution of 2021 retained earnings										
Legal reserve				235,733		(235,733)		-		-
Special reserve					26,181	(26,181)		-		-
Cash dividends						(1,572,360)		(1,572,360)		(1,572,360)
Due to recognition of equity component of convertible bonds issued			236,307					236,307		236,307
Net income for the nine-month period ended September 30, 2022						3,696,747		3,696,747	225,319	3,922,066
Other comprehensive income, net of tax for the nine-month period ended September 30, 2022						-	204,751	204,751	13,524	218,275
Total comprehensive income	-	-	-	-	-	3,696,747	204,751	3,901,498	238,843	4,140,341
Changes in subsidiarys' ownership interest			14,803					14,803		14,803
Share-based compensation			8,253					8,253	1,521	9,774
Changes in non-controlling interests								-	113,449	113,449
Balance as of September 30, 2022	\$1,310,300	\$-	\$1,924,430	\$1,530,772	\$630,454	\$5,427,254	\$(425,703)	\$10,397,507	\$1,117,577	\$11,515,084
Balance as of January 1, 2023	\$1,310,300	\$314	\$1,932,929	\$1,530,772	\$630,454	\$6,562,732	\$(421,540)	\$11,545,961	\$1,212,375	\$12,758,336
Appropriation and distribution of 2022 retained earnings										
Legal reserve				483,222		(483,222)		-		-
Special reserve					(208,914)	208,914		-		-
Cash dividends						(2,916,496)		(2,916,496)		(2,916,496)
Due to recognition of equity component of convertible bonds issued			(45,031)					(45,031)		(45,031)
Net income for the nine-month period ended September 30, 2023						1,704,016		1,704,016	75,458	1,779,474
Other comprehensive income, net of tax for the nine-month period ended September 30, 2023						-	16,208	16,208	(3,240)	12,968
Total comprehensive income	-	-	-	-	-	1,704,016	16,208	1,720,224	72,218	1,792,442
Conversion of convertible bonds		15,121	319,924					335,045		335,045
Conversion of certificate of entitlement of new shares from convertible bond	15,435	(15,435)						-		-
Changes in subsidiarys' ownership interest			12,881					12,881	2,673	15,554
Changes in non-controlling interests								-	(71,364)	(71,364)
Balance as of September 30, 2023	\$1,325,735	\$-	\$2,220,703	\$2,013,994	\$421,540	\$5,075,944	\$(405,332)	\$10,652,584	\$1,215,902	\$11,868,486

The accompanying notes are an integral part of the consolidated financial statements.

FUSHENG PRECISION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine-month periods ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the nine-month periods ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net income before tax	\$2,349,681	\$4,934,484
Adjustments:		
Income and expense that not affecting cash flow:		
Depreciation	620,776	512,500
Amortization	29,725	31,255
Expected credit (gains) losses	2,230	1,350
(Gains) Loss on financial assets or liabilities at fair value through profit or loss	(10,323)	11,839
Interest expenses	50,020	40,214
Interest income	(102,688)	(20,234)
Dividend income	(6,141)	(6,139)
Share-based compensation	15,554	9,774
Gains on disposal of property, plan and equipment	(1,702)	(1,039)
Gains on lease modification	(39)	(3,404)
Changes in operating assets and liabilities:		
Decrease/(Increase) in notes receivable, net	(12,763)	9,001
Decrease/(Increase) in accounts receivable, net	2,498,511	(1,198,778)
Decrease/(Increase) in other receivable	84,849	54,345
Decrease/(Increase) in inventories, net	1,479,516	(81,115)
Decrease/(Increase) in prepayments	76,867	(10,082)
Decrease/(Increase) in other current assets	14,844	6,486
Increase/(Decrease) in contract liabilities	(91,892)	(68,696)
Increase/(Decrease) in notes payable	283	247
Increase/(Decrease) in accounts payable	(983,142)	264,755
Increase/(Decrease) in other payables	(379,159)	107,193
Increase/(Decrease) in provisions	19,920	25,793
Increase/(Decrease) in other current liabilities	(2,151)	(2,126)
Increase/(Decrease) in net defined benefit liabilities	(23,563)	(7,493)
Cash generated from/(used in) operations	5,629,213	4,610,130
Interest received	102,688	20,234
Interest paid	(32,404)	(27,267)
Income tax paid	(1,112,065)	(743,257)
Net cash provided by/(used in) operating activities	4,587,432	3,859,840

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FUSHENG PRECISION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine-month periods ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the nine-month periods ended September 30,	
	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets measured at amortized cost	(98,593)	(592,623)
Proceeds from disposal of financial assets measured at amortized cost	196,100	800,397
Acquisition of financial assets at fair value through profit or loss	(199,386)	(544,443)
Proceeds from disposal of financial assets at fair value through profit or loss	154,994	312,521
Acquisition of property, plant and equipment	(810,795)	(1,063,300)
Proceeds from disposal of property, plant and equipment	42,170	161,408
Increase in refundable deposits	(300)	(9,072)
Acquisition of intangible assets	(917)	(5,485)
Increase in other non-current assets - others	-	(284,030)
Decrease in other non-current assets - others	89,796	-
Decrease in prepayment for equipment	51,687	41,783
Dividends received	6,141	6,139
Net cash provided by/(used in) investing activities	(569,103)	(1,176,705)
Cash flows from financing activities:		
Increase in short-term loans	573,807	3,383,993
Decrease in short-term loans	(1,380,407)	(4,324,158)
Proceeds from issuing bonds	-	1,680,102
Payments of long-term loans	(20,309)	(7,213)
Decrease in guarantee deposits	(2,093)	(1,107)
Cash payments for the principal portion of the lease liability	(51,748)	(48,553)
Decrease in other non-current liabilities	(1,347)	(764)
Cash dividends paid	(2,916,496)	(1,572,360)
Changes in non-controlling interests	(71,364)	127,200
Net cash provided by/(used in) financing activities	(3,869,957)	(762,860)
Effects of exchange rate changes on cash and cash equivalents	26,554	183,024
Net increase/(decrease) in cash and cash equivalents	174,926	2,103,299
Cash and cash equivalents, at beginning of period	4,508,094	1,538,125
Cash and cash equivalents, at end of period	\$4,683,020	\$3,641,424

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
FUSHENG PRECISION CO., LTD.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Nine-Month Periods Ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

- (1) FuSheng Precision Co., Ltd. (The Company) was established by Coöperatieve Valiant APO Global U.A. on September 14, 2010.
- (2) To work in line with the parent company, Coöperatieve Valiant APO Global U.A., to engage in re-organization and specialization to enhance competitiveness and efficiency of management, the Company's board of directors ("Board of Directors") approved on September 14, 2010 the proposed deal to divide and assign the Sporting Goods Divisions (SGD) and Precision Products Divisions (PPD) of Fu Sheng Industrial CO., Ltd. under "Business Mergers and Acquisitions Act" and "Company Act", effective November 1, 2010. The assets, liabilities, all rights and obligations of SGD and PPD, including the existing factories, equipment and employees, were assigned to the Company upon completion of the division and assignment. The Company will continue to operate its business.
- (3) The Company's first public offering was approved in October 2017 and its shares were first traded on the emerging stock market on November 30, 2017. The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) on December 18, 2018. The Company's registered office and the main business location are at 3F., No. 172, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.) and No. 9, Xingzhong St., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.).

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the nine-month periods ended September 30, 2023 and 2022 were authorized for issue by the Board of Directors on November 9, 2023.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. There are no newly adopted or revised standards and interpretations that have material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
B	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
C	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
D	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(A) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(B) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(C) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(D) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. Apart from item A and C explained below, the remaining standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 “Insurance Contracts”	January 1, 2023
C	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

- (A) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (B) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(C) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under A, it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of material accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the nine-month periods ended September 30, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 *Interim Financial Reporting* as endorsed and became effective by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements
- C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- F. recognizes any resulting difference in profit or loss.

The consolidated entities are listed as follows:

Name of the investors	Name of subsidiaries	Nature of Business	Percentage of ownership (%)		
			September 30, 2023	December 31, 2022	September 30, 2022
The Company	Sharphope Company Ltd.	Investment holding	100%	100%	100%
The Company	Vision International Co., Ltd. (Note 2)	Manufacture and sale of golf club head	62.31%	100%	100%
The Company	Gainsmart Group Ltd.	Investment holding	100%	100%	100%
The Company	World Gate Holdings Ltd.	Investment holding	100%	100%	100%
The Company	NFT Technology Co., Ltd.	Manufacture and sale of medical equipment and automotive parts	69.74%	69.74%	69.74%
The Company	Crosspace Co., Ltd.	Selling pure titanium tableware and kitchenware	100%	100%	100%
The Company	Minson Integration, Inc. (Note3)	R&D and sales of shoes, helmets and protective gear for ice hockey, cross-country motorcycles, baseball, skiing and other sports	82.81%	82.81%	82.81%
Sharphope Company Ltd.	Extensor World Trading Ltd. (Hong Kong)	International trade	100%	100%	100%
Sharphope Company Ltd.	Vision International Co., Ltd. (Note2)	Manufacture and sale of golf club head	37.69%	-	-
Gainsmart Group Ltd.	FS-North America, Inc.	Investment holding	100%	100%	100%
FS-North America, Inc.	FS-Precision Tech Co., LLC.	Manufacture and sale of medical equipment and automotive parts	100%	100%	100%
World Gate Holdings Ltd.	Zhong Shan Worldmark Sporting Goods Ltd.	Manufacture and sale of golf club head	100%	100%	100%
World Gate Holdings Ltd.	Zhong Shan LongXing Precision Machinery Co., Ltd.	Manufacture and sale of sports equipment, automotive parts, molds and other products	100%	100%	100%
World Gate Holdings Ltd.	Zhong Shan Aubo Precision Technology Co., Ltd.	Researching and developing and manufacturing of hardware, plastics and printing of packaging	52.5%	52.5%	52.5%
Zhong Shan Aubo Precision Technology Co., Ltd.	Zhong Shan Aubo Metal Surface Treatment Co., Ltd.	Anodizing process	100%	100%	100%
Zhong Shan Aubo Precision Technology Co., Ltd.	AUBO (VIETNAM) PRECISION TECHNOLOGY COMPANY LIMITED	Manufacture hardware and plastics	100%	100%	100%

Name of the investors	Name of subsidiaries	Nature of Business	Percentage of ownership (%)		
			September 30, 2023	December 31, 2022	September 30, 2022
Zhong Shan Aubo Precision Technology Co., Ltd.	AUBO PRECISION (HONG KONG) CO., LIMITED	International trade	100%	100%	100%
Zhong Shan Worldmark Sporting Goods Ltd.	Zhong Shan Dingxing Vacuum Technology Co., Ltd.	Research, development and manufacturing of vacuum technology products, vacuum coating processing and sports equipment, metal products import and export business	100%	100%	100%
Minson Integration, Inc.	MENXON ENTERPRISES (THAILAND) COMPANY LIMITED	Manufacture and sale of ice hockey shoes and motocross boots	100%	100%	100%
Minson Integration, Inc.	MINONE ENTERPRISES COMPANY LIMITED (Note1)	Manufacture and sale of motocross boots, skates and sports protective gear	100%	100%	100%
Minson Integration, Inc.	MINSON ENTERPRISES (THAILAND) COMPANY LIMITED	Manufacture and sale of motocross boots and protective gear and in-line skates	100%	100%	100%
Minson Integration, Inc.	MINTECH ENTERPRISES COMPANY LIMITED	Manufacture, R&D and sale of plastic injection parts, sports helmets and various footwear, protective gear	100%	100%	100%

(Note1) In order to improve the financial structure and enrich the working capital, Minson Integration, Inc. was approved by the board of directors to increase the capital of the subsidiary MINONE ENTERPRISES COMPANY LIMITED by THB 120,000 thousand on January 21, 2022.

(Note2) Given the rapid revenue growth of Vision International Co., Ltd. (“Vision”), the Company’s board of directors approved Vision to execute seasoned equity offering for US\$15,000 thousand. The Company and Sharpope Co. Ltd. will invest for US\$5,200 thousand and US\$9,800 thousand respectively. After the performing issuance of stock, Vision’s total amount capital will be up to US\$26,000 thousand. As of the financial report date, the Company and Sharpope Co. Ltd. paid US\$5,200 thousand and US\$9,800 thousand to invest in Vision and the registration of change was completed. The shareholding ratio of the Company and Sharpope Co. Ltd. in Vision after the investment amounted to 62.31% and 37.69%, respectively.

(Note3) In order to enrich the working capital and strengthen the financial structure, Minson Integration, Inc. was approved by the board of directors on June 17, 2022. The capital increase base date was set on July 15, 2022 to issue 7,000 thousand new shares. The issue price per share was NT\$75, totaling NT\$525,000 thousand, and 10.86% was reserved in accordance with the Company Act, and 760 thousand shares were purchased by employees. The Company's board of directors approved on June 21, 2022, and plans to subscribe the shares according to the original shareholding ratio. The number of subscribed shares was 5,304 thousand shares; the total subscription amount was \$397,800 thousand and the shareholding ratio after subscription was 82.81%.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Group holds the asset primarily for the purpose of trading
- C. The Group expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle
- B. The Group holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost on a weighted average cost basis.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	2~45 years
Machinery and equipment	1~10 years
Other equipment	1~10 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	20 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(13) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset;
and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and

D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Relationship of customer

The cost of customer relationship incurs as a result of merger and acquisition and is amortized on a straight-line basis over the estimated useful life of 7 to 10 years.

Technology and Know-how

The cost of technology and know-how incurs as a result of merger and acquisition and is amortized on a straight-line basis over the estimated useful life of 7 years.

Goodwill

Goodwill arising from business combinations is not amortized, and is tested for impairment annually or more frequently if events or change in circumstances suggest that the carrying amount may not be recoverable. If an event occurs or circumstances change which indicates that the goodwill is impaired, an impairment loss is recognized. Goodwill impairment losses cannot be reversed once recognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 15 years).

A summary of the policies information applied to the Group's intangible assets is as follows:

	Relationship of customer	Technology and Know-how	Goodwill	Computer software
Useful lives	Finite	Finite	Unsure	Finite
Amortization method used	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Unamortized	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Other provision

According to management's judgement and other known reasons, the expected employee occupational injury expenses were recognized as miscellaneous expenses and estimated related provisions.

(17) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(18) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is golf club head and revenue is recognized based on the consideration stated in the contract.

For some of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

Rendering of services

The Group provides technology services. These services recognize revenue based on the content of the relevant agreement. Most of the contractual considerations of the Group are collected evenly throughout the contract period.

(19) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to “International Tax Reform–Pillar Two Model Rules (amendments to IAS 12), temporary exceptions are granted. Therefore, the deferred tax assets and liabilities related to Pillar Two income tax shall not be recognized.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

(21) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IAS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(1) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and change of the future salary etc..

(2) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

(3) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(4) Accounts receivables—estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(5) Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(6) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(7) Impairment of non-financial assets — goodwill

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6 to the Group's consolidated financial statement for the year ended December 31, 2022.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$2,355	\$2,051	\$2,662
Checking and savings accounts	4,225,284	4,457,148	3,283,493
Time deposits	455,381	48,895	355,269
Total	<u>\$4,683,020</u>	<u>\$4,508,094</u>	<u>\$3,641,424</u>

(2) Financial assets at fair value through profit or loss

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets mandatorily measured at fair value through profit or loss:			
Preferred stocks	\$169,587	\$159,459	\$166,455
Financial products	-	-	251,274
Unlisted stocks	1,400	1,400	1,400
Convertible bond redemption	120	446	150
US dollar aggressive funds	405	382	390
Private-placement Fund	44,694	-	-
Total	<u>\$216,206</u>	<u>\$161,687</u>	<u>\$419,669</u>

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Current	\$169,587	\$159,459	\$417,729
Non-current	46,619	2,228	1,940
Total	<u>\$216,206</u>	<u>\$161,687</u>	<u>\$419,669</u>

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets measured at amortized cost

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits	\$118,781	\$67,725	\$63,100
Repatriated Offshore Funds (Note)	-	143,723	148,543
Subtotal (total carrying amount)	118,781	211,448	211,643
Less: loss allowance	-	-	-
Total	<u>\$118,781</u>	<u>\$211,448</u>	<u>\$211,643</u>
Current	\$118,264	\$210,930	\$211,153
Non-current	517	518	490
Total	<u>\$118,781</u>	<u>\$211,448</u>	<u>\$211,643</u>

Note: The Group applied to be applicable under the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act"(hereinafter "the Act") in April 2020 and was approved to open a segregated foreign exchange deposit account by National Taxation Bureau of the Northern Area, Ministry of Finance. The repatriation of overseas investment income of US\$10,000 thousand is subject to an 8% withholding tax rate. After paying the income tax of US\$800 thousand, the remaining amount of US\$9,200 thousand (equivalent to NT\$258,980 thousand) and the current interest revenue of US\$28 thousand (equivalent to NT\$777 thousand) , according to the Act, was deemed funds that have not engaged in substantial investment and financial investment, and can only be withdrawn over a period of three years upon the expiry of five full years. The Group actually withdrew US\$4,520 thousand (equivalent to NT\$132,775 thousand) for related substantial investments for the years ended December 31, 2021. Due to the need for funds, the Group canceled its application for the aforementioned tax incentives with the Ministry of Economy Affairs and obtained a consent letter from the National Taxation Bureau. As of September 30, 2023, the Group has lifted the deposit period limit after paying the taxes owed in accordance with the law.

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6(18) for more details on loss allowance and Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(4) Notes receivables

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivables arising from operating activities (total carrying amount)	\$18,737	\$5,974	\$4,277
Less: loss allowance	-	-	-
Total	<u>\$18,737</u>	<u>\$5,974</u>	<u>\$4,277</u>

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(18) for more details on loss allowance and Note 12 for details on credit risk.

(5) Accounts receivable, net

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable (total carrying amount)	\$3,165,775	\$5,664,167	\$5,135,519
Less: loss allowance	(10,545)	(22,504)	(23,040)
Subtotal	<u>3,155,230</u>	<u>5,641,663</u>	<u>5,112,479</u>
Accounts receivable—related parties (total carrying amount)	503	622	4,075
Less: loss allowance	-	-	-
Subtotal	<u>503</u>	<u>622</u>	<u>4,075</u>
Total	<u>\$3,155,733</u>	<u>\$5,642,285</u>	<u>\$5,116,554</u>

Accounts receivable were not pledged.

Accounts receivable are generally on 30-90 day terms. The total carrying amount as of September 30, 2023, December 31, 2022 and September 30, 2022 were \$3,185,015 thousand, \$5,670,763 thousand and \$5,143,871 thousand, respectively. Please refer to Note 6(18) for more details on loss allowance of accounts receivable for the nine-month periods ended September 30, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$788,190	\$1,228,731	\$1,396,590
Work in progress	856,724	1,235,270	1,200,200
Finished goods	742,589	874,018	999,562
Goods	8,759	12,006	8,274
Inventories in transit	462,270	988,023	1,191,385
Total	<u>\$2,858,532</u>	<u>\$4,338,048</u>	<u>\$4,796,011</u>

For the three-month periods ended September 30, 2023 and 2022, the Group recognized \$4,013,474 thousand and \$6,006,797 thousand, respectively, in operating cost, including the write-down/(reversal of) of inventories of \$11,199 thousand and \$7,981 thousand, respectively.

For the nine-month periods ended September 30, 2023 and 2022, the Group recognized \$13,575,861 thousand and \$18,505,378 thousand, respectively, in operating cost, including the write-down/(reversal of) of inventories of \$45,756 thousand and \$3,104 thousand, respectively.

No inventories were pledged.

(7) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Others	Construction in progress and equipment awaiting examination	Total
Cost:						
As of January 1, 2023	\$1,279,482	\$2,369,272	\$4,788,441	\$797,157	\$51,512	\$9,285,864
Additions	167,510	60,537	250,223	63,592	268,933	810,795
Disposals	-	-	(97,727)	(14,991)	(4,166)	(116,884)
Transfers	-	1,308	67,066	13,123	(169,079)	(87,582)
Exchange differences	(648)	326	33,725	3,735	731	37,869
As of September 30, 2023	<u>\$1,446,344</u>	<u>\$2,431,443</u>	<u>\$5,041,728</u>	<u>\$862,616</u>	<u>\$147,931</u>	<u>\$9,930,062</u>
As of January 1, 2022	\$1,269,492	\$2,035,573	\$3,719,147	\$659,082	\$294,417	\$7,977,711
Additions	-	11,482	605,696	229,593	216,529	1,063,300
Disposals	-	(25,016)	(101,677)	(157,522)	(2,718)	(286,933)
Transfers	-	1,973	139,517	22,133	(78,735)	84,888
Exchange differences	1,314	58,289	177,823	19,256	9,698	266,380
As of September 30, 2022	<u>\$1,270,806</u>	<u>\$2,082,301</u>	<u>\$4,540,506</u>	<u>\$772,542</u>	<u>\$439,191</u>	<u>\$9,105,346</u>
Depreciation and impairment:						
As of January 1, 2023	\$-	\$1,254,684	\$2,514,087	\$502,329	\$-	\$4,271,100
Depreciation	-	67,113	414,078	75,142	-	556,333
Disposals	-	-	(62,408)	(14,008)	-	(76,416)
Transfers	-	-	(143)	143	-	-
Exchange differences	-	(3,285)	13,904	4,645	-	15,264
As of September 30, 2023	<u>\$-</u>	<u>\$1,318,512</u>	<u>\$2,879,518</u>	<u>\$568,251</u>	<u>\$-</u>	<u>\$4,766,281</u>
As of January 1, 2022	\$-	\$1,143,131	\$2,066,907	\$418,402	\$-	\$3,628,440
Depreciation	-	60,338	337,940	65,412	-	463,690
Disposals	-	(24,976)	(84,516)	(17,072)	-	(126,564)
Transfers	-	397	(7,216)	-	-	(6,819)
Exchange differences	-	23,929	79,451	15,634	-	119,014
As of September 30, 2022	<u>\$-</u>	<u>\$1,202,819</u>	<u>\$2,392,566</u>	<u>\$482,376</u>	<u>\$-</u>	<u>\$4,077,761</u>
Net carrying amount as of:						
September 30, 2023	<u>\$1,446,344</u>	<u>\$1,112,931</u>	<u>\$2,162,210</u>	<u>\$294,365</u>	<u>\$147,931</u>	<u>\$5,163,781</u>
December 31, 2022	<u>\$1,279,482</u>	<u>\$1,114,588</u>	<u>\$2,274,354</u>	<u>\$294,828</u>	<u>\$51,512</u>	<u>\$5,014,764</u>
September 30, 2022	<u>\$1,270,806</u>	<u>\$879,482</u>	<u>\$2,147,940</u>	<u>\$290,166</u>	<u>\$439,191</u>	<u>\$5,027,585</u>

Components of building that have different useful lives are main building structure, fire protection engineering, air conditioning units and elevators, which are depreciated respectively.

There were no capitalized borrowing costs of construction in progress for the nine-month periods ended September 30, 2023 and 2022.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(8) Intangible assets

	Relationship of customer	Technology and Know-how	Goodwill	Computer software	Total
Cost:					
As of January 1, 2023	\$136,000	\$103,000	\$500,066	\$91,820	\$830,886
Additions	-	-	-	917	917
Disposals	-	-	-	(4,728)	(4,728)
Transfers	-	-	-	1,215	1,215
Exchange differences	-	-	225	848	1,073
As of September 30, 2023	<u>\$136,000</u>	<u>\$103,000</u>	<u>\$500,291</u>	<u>\$90,072</u>	<u>\$829,363</u>
As of January 1, 2022	\$136,000	\$103,000	\$499,617	\$74,555	\$813,172
Additions	-	-	-	5,485	5,485
Transfers	-	-	-	1,616	1,616
Exchange differences	-	-	579	2,823	3,402
As of September 30, 2022	<u>\$136,000</u>	<u>\$103,000</u>	<u>\$500,196</u>	<u>\$84,479</u>	<u>\$823,675</u>
Amortization and impairment:					
As of January 1, 2023	\$40,500	\$37,214	\$-	\$65,466	\$143,180
Amortization	11,100	11,036	-	7,589	29,725
Disposals	-	-	-	(4,728)	(4,728)
Exchange differences	-	-	-	514	514
As of September 30, 2023	<u>\$51,600</u>	<u>\$48,250</u>	<u>\$-</u>	<u>\$68,841</u>	<u>\$168,691</u>
As of January 1, 2022	\$25,700	\$22,499	\$-	\$52,653	\$100,852
Amortization	11,100	11,036	-	9,119	31,255
Exchange differences	-	-	-	1,403	1,403
As of September 30, 2022	<u>\$36,800</u>	<u>\$33,535</u>	<u>\$-</u>	<u>\$63,175</u>	<u>\$133,510</u>
Net carrying amount as of:					
September 30, 2023	<u>\$84,400</u>	<u>\$54,750</u>	<u>\$500,291</u>	<u>\$21,231</u>	<u>\$660,672</u>
December 31, 2022	<u>\$95,500</u>	<u>\$65,786</u>	<u>\$500,066</u>	<u>\$26,354</u>	<u>\$687,706</u>
September 30, 2022	<u>\$99,200</u>	<u>\$69,465</u>	<u>\$500,196</u>	<u>\$21,304</u>	<u>\$690,165</u>

Amortization expense of intangible assets under the statement of comprehensive income:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Operating costs	\$254	\$290	\$685	\$1,258
Operating expenses				
Sales and marketing expenses	118	-	237	14
General and administrative expenses	9,058	8,328	27,203	24,780
Research and development expenses	118	2,014	1,600	5,203
Subtotal	9,294	10,342	29,040	29,997
Total	<u>\$9,548</u>	<u>\$10,632</u>	<u>\$29,725</u>	<u>\$31,255</u>

(9) Short-term loans

		As of		
		September 30,	December 31,	September 30,
Interest Rates (%)		2023	2022	2022
Unsecured bank loans	1.65% ~ 6.68%	<u>\$662,910</u>	<u>\$1,429,139</u>	<u>\$1,827,330</u>

The Group's unused short-term lines of credits amount to \$11,655,376 thousand, \$9,545,236 thousand and \$9,611,502 thousand, as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

(10) Other payables

		As of		
		September 30,	December 31,	September 30,
		2023	2022	2022
Salaries payable		\$743,671	\$976,395	\$713,647
Accrued expenses		490,880	456,543	626,643
Bonuses payable		50,464	128,909	99,072
Interest payable		642	153	598
Other payable — other		81,970	183,171	77,654
Other payable — related parties		414	1,540	80
Total		<u>\$1,368,041</u>	<u>\$1,746,711</u>	<u>\$1,517,694</u>

(11) Bonds payable

Domestic convertible bonds payable

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Liability component:			
Principal amount	\$1,195,600	\$1,493,800	\$1,500,000
Discounts on bonds payable	(25,432)	(46,186)	(51,347)
Subtotal	1,170,168	1,447,614	1,448,653
Less: current portion	-	-	-
Net	<u>\$1,170,168</u>	<u>\$1,447,614</u>	<u>\$1,448,653</u>
Embedded derivative (Recognized in “Financial assets at fair value through profit or loss - non-current”)	<u>\$120</u>	<u>\$446</u>	<u>\$150</u>
Equity component (Recognized in “Equity - Additional paid-in capital”)	<u>\$190,299</u>	<u>\$235,330</u>	<u>\$236,307</u>

On April 11, 2022, the Company issued zero coupon unsecured convertible bonds. The actual fund raised amounted to a total of \$1,680,102 thousand. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue amount: NT\$1,500,000 thousand with issue price at par value of \$100 thousand per bond.

Coupon rate: 0%

Period: April 11, 2022 ~ April 11, 2025

Important redemption clauses:

- A. The Company may redeem the bonds at par value, in whole or in part, after 3 months of the issuance and prior to 40th day before maturity date, if the closing price of the Company's ordinary shares on the Taiwan Stock Exchange (TWSE) for 30 consecutive trading days is at least 130% of the conversion price.
- B. The Company may redeem the bonds, in whole, at the early redemption conversion price if the amount of the company's outstanding shares is lower than the conversion price by 10% of the original total issuance amount during the period from the date after 3 months of the issuance and prior to 40th day before maturity date.

Terms of Exchange:

- A. Underlying Securities: Common shares of the Company.
- B. Exchange Period: The bonds are exchangeable at any time on or after July 12, 2022 and prior to April 11, 2025 into common shares of the Company.
- C. Exchange Price and Adjustment: The exchange price was set at NT\$210 per share when the shares were issued. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture. As of September 30, 2023, the exchange price was adjusted to NT\$197.2 per share as dividends were issued for the year in accordance with the terms of the offering.
- D. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

The bonds already exchanged amount to \$304,400 thousand, \$6,200 thousand and \$0 as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

(12) Long-term loans

Details of long-term loans as of September 30, 2023 are as follows: None.

Details of long-term loans as of December 31, 2022 are as follows:

Lenders	As of December 31, 2022	Interest Rate (%)	Maturity date and terms of repayment
Bank of China secured bank loans	\$20,206	4.00%	The terms of repayment are from May 29, 2020 to May 28, 2023, repayment of 5% of the principal and interest are paid quarterly from May 29, 2021.
Subtotal	20,206		
Less: current portion	(20,206)		
Total	\$-		

Long-term loans as of September 30, 2022 are as follows:

Lenders	As of September 30, 2022	Interest Rate (%)	Maturity date and terms of repayment
Bank of China secured bank loans	\$21,776	4.15%	The terms of repayment are from May 29, 2020 to May 28, 2023, repayment of 5% of the principal and interest are paid quarterly from May 29, 2021.
Subtotal	21,776		
Less: current portion	(21,776)		
Total	\$-		

(13) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month and nine-month periods ended September 30, 2023 were \$57,440 thousand and \$172,590 thousand, respectively, and for the three-month and nine-month periods ended September 30, 2022 were \$62,078 thousand, \$189,556 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month and nine-month periods ended September 30, 2023 were \$1,533 thousand and \$4,575 thousand, respectively, and for the three-month and nine-month periods ended September 30, 2022 were \$30,310 thousand, \$34,466 thousand, respectively.

(14) Provisions

	Decommissioning, restoration and rehabilitation	Other provision	Total
As of January 1, 2023	\$9,724	\$34,770	\$44,494
Utilized	-	(19,896)	(19,896)
Additions	-	39,816	39,816
Discount rate adjustment and unwinding of discount from the passage of time	244	-	244
Exchange differences	-	(324)	(324)
As of September 30, 2023	\$9,968	\$54,366	\$64,334
As of January 1, 2022	\$9,410	\$27,956	\$37,366
Utilized	-	(48,888)	(48,888)
Additions	-	74,681	74,681
Discount rate adjustment and unwinding of discount from the passage of time	232	-	232
Exchange differences	-	458	458
As of September 30, 2022	\$9,642	\$54,207	\$63,849

	Decommissioning, restoration and rehabilitation	Other provision	Total
Current — September 30, 2023	\$-	\$34,516	\$34,516
Non-current — September 30, 2023	9,968	19,850	29,818
As of September 30, 2023	<u>\$9,968</u>	<u>\$54,366</u>	<u>\$64,334</u>
Current — December 31, 2022	\$-	\$34,770	\$34,770
Non-current — December 31, 2022	9,724	-	9,724
As of December 31, 2022	<u>\$9,724</u>	<u>\$34,770</u>	<u>\$44,494</u>
Current — September 30, 2022	\$-	\$54,207	\$54,207
Non-current — September 30, 2022	9,642	-	9,642
As of September 30, 2022	<u>\$9,642</u>	<u>\$54,207</u>	<u>\$63,849</u>

Decommissioning, restoration and rehabilitation

A provision has been recognized for decommissioning costs associated with a factory owned by subsidiary. The Group is committed to restore the site as was when decommissioning the site.

Other provision

According to the management's judgement and other known reasons, the expected employee occupational injury expenses were recognized as miscellaneous expense and estimated related provisions.

(15)Equities

A. Common stock

The Company's authorized capital were both \$3,000,000 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022. The Company's issued capital were \$1,325,735 thousand, \$1,310,300 thousand and \$1,310,300 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively. Each at a par value of \$10. Each share has one voting right and a right to receive dividends.

The Company issued domestic unsecured conversion corporate bonds on April 11, 2022. From the issuance day to September 30, 2023, a total of 1,543,568 ordinary shares with a nominal value of \$10 per share were successively requested by bondholders. As of September 30, 2023, all the aforementioned conversions have been completed and registered.

B. Capital surplus

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Additional paid-in capital	\$1,842,273	\$1,522,348	\$1,515,684
Difference between consideration and carrying amount of subsidiaries acquired/disposed	75,872	75,872	75,872
Expired employee stock warrants	72,802	72,802	72,802
Share options	190,299	235,330	236,307
Changes in ownership interest in subsidiaries	39,457	26,577	23,765
Total	<u>\$2,220,703</u>	<u>\$1,932,929</u>	<u>\$1,924,430</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset prior years' operation losses;
- (c) Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- (d) Set aside or reverse special reserve in accordance with law and regulations; and
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Company's Articles of Incorporation further provide at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes distributable earnings, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity, provided that the Company has already set aside special reserve according to the requirements for the adoption of IFRS. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

On March 31, 2021, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

On first-time adoption of the TIFRS, the Company's special reserve amounted to \$112,383 thousand. Following the Company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity are both \$0 as of the nine-month periods ended September 30, 2023 and 2022. The Company did not reverse special reserve to retained earnings for the period ended September 30, 2023 and 2022 as a result of the use, disposal of or reclassification of related assets.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved by the stockholders' meeting on June 21, 2023 and June 21, 2022, respectively, are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (\$)</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Legal reserve	\$483,222	\$235,733		
Special reserve	(208,914)	26,181		
Common stock - cash dividend	2,916,496	1,572,360	\$22.0	\$12.0

Please refer to Note 6(20) for details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests

	For the nine-month periods ended September 30,	
	2023	2022
Beginning balance	\$1,212,375	\$763,764
Net income attributable to non-controlling interests	75,458	225,319
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(3,240)	13,524
Share-based payment	2,673	1,521
Cash capital increased by subsidiary	-	127,200
Others	(71,364)	(13,751)
Ending balance	<u>\$1,215,902</u>	<u>\$1,117,577</u>

(16) Share-based payment plans

A. The relevant details of share-based payment plan of the subsidiary Minson Integration, Inc. were as follows:

Type of agreement	Grant date	Total number of share options granted (in thousands)	Contract period	Vesting condition
The first employee stock option plan in 2021	December 1, 2021	327	2.13 years	The certificate holder can exercise a certain percentage of the granted stock option within two years after the issuance expires.
The first employee stock option plan in 2022	December 1, 2022	274	2.04 years	The certificate holder can exercise a certain percentage of the granted stock option within two years after the issuance expires.
Cash capital increase retained employee subscription	July 2, 2022	760	-	Immediately vested.

The share-based payment agreement mentioned above was accounted for equity-based settlement.

- B. The following table contains further details on the aforementioned share-based payment plan of the subsidiary Minson Integration, Inc.:

	For the nine-month periods ended			
	2023		2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT\$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT\$)
Outstanding at beginning of period	601	\$10	327	\$10
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at end of period	601	\$10	327	\$10
Exercisable at end of period	-	-	-	-

The information of the subsidiary Minson Integration, Inc. on the outstanding share options is as follows:

	Range of exercise price (\$)	Weighted average remaining contractual life (years)
As of September 30, 2023 share options outstanding at the end of the period	\$10	0.18~1.18
As of December 31, 2022 share options outstanding at the end of the period	\$10	0.93
As of September 30, 2022 share options outstanding at the end of the period	\$10	1.18

- C. The Black-Scholes option pricing model was used by the subsidiary, Minson Integration, Inc. to estimate the fair value of the share options on the grant date. The information on each factor is as follows:

	Grant date		
	December 1, 2022	July 2, 2022	December 1, 2021
Expected volatility (%)	38.48	38.77	39.17
Risk-free interest rate (%)	1.09	0.89	0.31
Expected option life (Years)	2.04	0.07	2.13
Weighted average share price (\$)	78.36	2.99	61.18

- D. The Group's equity-settled share-based payment transactions generated fees for the three-month and nine-month periods ended September 30, 2023 and 2022 were \$5,185 thousand, \$15,554 thousand, \$2,501 thousand and \$9,774 thousand respectively.

(17) Operating revenue

A. Disaggregation of revenue

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Revenue from contracts with customers				
Sale of goods	\$5,113,362	\$7,824,101	\$17,151,110	\$23,913,147
Other revenue	111,895	220,009	217,982	586,470
Total	<u>\$5,225,257</u>	<u>\$8,044,110</u>	<u>\$17,369,092</u>	<u>\$24,499,617</u>

B. The Group recognizes contract revenue which is at a point in time.

(18) Expected credit (losses) gains

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Operating expenses — Expected credit (losses) gains				
Accounts receivables	<u>\$11,493</u>	<u>\$(5,879)</u>	<u>\$(2,230)</u>	<u>\$(1,350)</u>

Please refer to Note 12 for more details on credit risk.

The credit risk for the Group's financial assets measured at amortized cost are assessed as low (the same as the assessment result in the beginning of the period). Since the transaction objects of the company are all financial institutions such as banks with good credit, all of them are calculated based on the expected credit loss rate of 0% and the allowance loss amount is \$0.

The Group measures the loss allowance of its accounts receivable (including notes receivables and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

Considering counterparties credit rating, industry characteristics and past experiences, the loss allowance of accounts receivable is measured as a single group by using a provision matrix.

In addition, the provision matrix is expressed aggregately since overdue days interval between each entities in the Group is equivalent. Details for provision matrix are as follows:

As of September 30, 2023

	Not yet due	Overdue			Total
	(Note)	Under 60 days	61~180 days	Over 181 days	
Gross carrying amount	\$2,984,133	\$174,828	\$20,614	\$5,440	\$3,185,015
Loss ratio					0.3311%
Lifetime expected credit losses	-	(3,985)	(4,047)	(2,513)	(10,545)
Net carrying amount	<u>\$2,984,133</u>	<u>\$170,843</u>	<u>\$16,567</u>	<u>\$2,927</u>	<u>\$3,174,470</u>

As of December 31, 2022

	Not yet due	Overdue			Total
	(Note)	Under 60 days	61~180 days	Over 181 days	
Gross carrying amount	\$5,406,176	\$229,516	\$19,461	\$15,610	\$5,670,763
Loss ratio					0.3968%
Lifetime expected credit losses	-	-	(6,894)	(15,610)	(22,504)
Net carrying amount	<u>\$5,406,176</u>	<u>\$229,516</u>	<u>\$12,567</u>	<u>\$-</u>	<u>\$5,648,259</u>

As of September 30, 2022

	Not yet due	Overdue			Total
	(Note)	Under 60 days	61~180 days	Over 181 days	
Gross carrying amount	\$4,884,743	\$244,240	\$13,794	\$1,094	\$5,143,871
Loss ratio					0.4479%
Lifetime expected credit losses	-	(14,822)	(7,124)	(1,094)	(23,040)
Net carrying amount	<u>\$4,884,743</u>	<u>\$229,418</u>	<u>\$6,670</u>	<u>\$-</u>	<u>\$5,120,831</u>

Note: The Group's note receivables are not overdue.

The movement in the provision for impairment of notes receivables and accounts receivable during the nine-month periods ended September 30, 2023 and 2022 is as follows:

	Notes receivables	Accounts receivable	Other receivables	Total
As of January 1, 2023	\$-	\$22,504	\$-	\$22,504
Addition for the current period	-	2,230	-	2,230
Reclassification	-	(14,319)	14,319	-
Exchange differences	-	130	620	750
As of September 30, 2023	<u>\$-</u>	<u>\$10,545</u>	<u>\$14,939</u>	<u>\$25,484</u>
As of January 1, 2022	\$-	\$19,790	\$-	\$19,790
Addition for the current period	-	1,350	-	1,350
Exchange differences	-	1,900	-	1,900
As of September 30, 2022	<u>\$-</u>	<u>\$23,040</u>	<u>\$-</u>	<u>\$23,040</u>

(19) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment and other equipment. The lease terms range from 1 to 13 years. The Group is not subject to any special restrictions.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Land	\$514,144	\$531,952	\$330,267
Buildings	96,294	138,841	134,426
Total	<u>\$610,438</u>	<u>\$670,793</u>	<u>\$464,693</u>

During the nine-month periods ended September 30, 2023 and 2022, the Group's additions to right-of-use assets amounting to \$473 thousand and \$226,500 thousand, respectively.

ii. Lease liabilities

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities	<u>\$325,365</u>	<u>\$367,892</u>	<u>\$343,049</u>
Current	\$66,983	\$31,784	\$55,279
Non-current	258,382	336,108	287,770
Total	<u>\$325,365</u>	<u>\$367,892</u>	<u>\$343,049</u>

Please refer to Note 6(21) for the interest on lease liabilities recognized during the three-month and nine-month periods ended September 30, 2023 and 2022 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities on September 30, 2023, December 31, 2022 and September 30, 2022.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Land	\$7,456	\$1,761	\$21,945	\$4,017
Buildings	13,989	15,023	42,498	44,793
Total	<u>\$21,445</u>	<u>\$16,784</u>	<u>\$64,443</u>	<u>\$48,810</u>

(c) Income and costs relating to leasing activities

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
The expenses relating to leases of low-value assets (Including the expenses relating to short-term leases of low-value assets)	<u>\$4,535</u>	<u>\$2,180</u>	<u>\$13,083</u>	<u>\$12,925</u>

(d) Cash outflow relating to leasing activities

During the three-month and nine-month periods ended September 30, 2023 the Group's total cash outflows for leases amounting to \$21,580 thousand and \$64,831 thousand, respectively, and during the three-month and nine-month periods ended September 30, 2022, the Group's total cash outflows for leases amounting to \$18,311 thousand and \$61,478 thousand, respectively.

(e) Other information relating to leasing activities

Some of the Group's agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

B. Group as a lessor

The Group's leases of self-own investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Lease income for operating leases				
Income relating to fixed lease payments	\$3,260	\$3,261	\$9,706	\$9,756

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Not later than one year	\$-	\$9,697	\$13,008
Later than one year and not later than five years	-	-	-
Later than five years	-	-	-
Total	\$-	\$9,697	\$13,008

(20) Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the three-month periods ended September 30,					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$815,859	\$282,887	\$1,098,746	\$1,056,763	\$310,546	\$1,367,309
Labor and health insurance	12,959	10,127	23,086	12,009	13,179	25,188
Pension	46,991	11,982	58,973	64,505	27,883	92,388
Remuneration to directors	-	2,429	2,429	-	1,700	1,700
Other employee benefits expense	101,943	26,350	128,293	213,280	34,881	248,161
Depreciation	173,053	38,702	211,755	155,081	31,697	186,778
Amortization	254	9,294	9,548	290	10,342	10,632

	For the nine-month periods ended September 30,					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$2,429,554	\$818,695	\$3,248,249	\$3,224,855	\$878,721	\$4,103,576
Labor and health insurance	39,899	31,358	71,257	34,902	33,804	68,706
Pension	137,842	39,323	177,165	173,826	50,196	224,022
Remuneration to directors	-	5,829	5,829	-	5,100	5,100
Other employee benefits expense	312,899	97,253	410,152	661,068	109,915	770,983
Depreciation	507,947	112,829	620,776	424,750	87,750	512,500
Amortization	685	29,040	29,725	1,258	29,997	31,255

According to the Articles of Incorporation, 2% of profit of the current year is distributable as employees' compensation and no higher than 0.5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. If the Board of Directors subsequently modifies the estimates significantly, the company will recognize the change as an adjustment in the profit or loss in the subsequent period. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors by 2.17% and 0.06% based on profit of the nine-month period ended September 30, 2023. As such, employees' compensation and remuneration to directors for the three-month and nine-month period ended September 30, 2023 amount to \$14,376 thousand and \$375 thousand, \$45,000 thousand and \$1,275 thousand, respectively and recognized as salaries expense.

The Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors by 2% and 0.03% based on profit of the nine-month period ended September 30, 2022. As such, employees' compensation and remuneration to directors for the three-month and nine-month periods ended September 30, 2022 amount to \$31,306 thousand and \$450 thousand, \$87,332 thousand and \$1,350 thousand, respectively and recognized as salaries expense.

A resolution was passed at a Board of Directors meeting held on March 24, 2023 to distribute \$114,669 thousand and \$1,800 thousand in cash as employees' compensation and remuneration to directors of 2022, respectively. No differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2022.

No differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2021.

(21) Non-operating income and expenses

A. Interest income

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Interest income				
Financial assets measured at amortized cost	\$29,646	\$10,485	\$101,638	\$19,244
Financing provided to others (Note)	350	313	1,050	990
Total	<u>\$29,996</u>	<u>\$10,798</u>	<u>\$102,688</u>	<u>\$20,234</u>

Note: Please refer to attachment 1 for financing provided to others.

B. Other income

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Rent income	\$4,229	\$3,293	\$12,561	\$10,575
Dividend income	6,141	6,139	6,141	6,139
Other income - government grants	12,143	16,338	15,595	16,769
Other gains - various subsidies	-	1,290	1,865	59,876
Other income - others	12,413	15,367	78,029	58,945
Total	<u>\$34,926</u>	<u>\$42,427</u>	<u>\$114,191</u>	<u>\$152,304</u>

C. Other gains and losses

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Gains on disposal of property, plant and equipment	\$518	\$2,831	\$1,702	\$1,039
Gains/(Losses) on financial assets at fair value through profit or loss	1,188	(9,135)	10,323	(11,839)
Foreign exchange gains, net	27,666	436,716	271,659	832,337
Others	(3,945)	(13,163)	(10,126)	(18,399)
Gains on lease modification	-	53	39	3,404
Total	<u>\$25,427</u>	<u>\$417,302</u>	<u>\$273,597</u>	<u>\$806,542</u>

D. Finance costs

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Interest on borrowings from bank	\$(7,397)	\$(12,244)	\$(33,137)	\$(27,456)
Interest on lease liabilities	(1,270)	(1,251)	(4,119)	(3,648)
Interest on bonds payable	(4,016)	(4,969)	(12,764)	(9,110)
Total	<u>\$(12,683)</u>	<u>\$(18,464)</u>	<u>\$(50,020)</u>	<u>\$(40,214)</u>

(22) Components of other comprehensive income

For the three-month period ended September 30, 2023

		Other	Income tax relating to	Other
	Reclassification	comprehensive	components of	comprehensive
Arising during	adjustments	income, before	other	income, net of
the period	during the period	tax	comprehensive	tax
To be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	\$202,585	\$-	\$202,585	\$-
	<u>\$202,585</u>	<u>\$-</u>	<u>\$202,585</u>	<u>\$-</u>

For three-month period ended September 30, 2022

			Income tax	
		Other	relating to	Other
	Reclassification	comprehensive	components of	comprehensive
Arising during	adjustments	income, before	other	income, net of
the period	during the period	tax	comprehensive	tax
To be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	\$76,124	\$-	\$76,124	\$-

For the nine-month period ended September 30, 2023

			Income tax	
		Other	relating to	Other
	Reclassification	comprehensive	components of	comprehensive
Arising during	adjustments	income, before	other	income, net of
the period	during the period	tax	comprehensive	tax
To be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	\$12,968	\$-	\$12,968	\$-

For the nine-month period ended September 30, 2022

			Income tax	
		Other	relating to	Other
	Reclassification	comprehensive	components of	comprehensive
Arising during	adjustments	income, before	other	income, net of
the period	during the period	tax	comprehensive	tax
To be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	\$218,275	\$-	\$218,275	\$-

(23) Income tax

The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the three-month periods		For the nine-month	
	ended September 30,		periods ended September 30,	
	2023	2022	2023	2022
Current income tax expense:				
Current income tax charge	\$126,513	\$357,393	\$511,719	\$968,579
Adjustments in respect of current income tax of prior periods	240	(4,527)	1,214	31,621
Deferred tax expense:				
Deferred tax expense relating to origination and reversal of temporary differences	(474)	(11,056)	57,274	13,195
Tax expense (income) recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	-	-	-	(977)
Total income tax expense	<u>\$126,279</u>	<u>\$341,810</u>	<u>\$570,207</u>	<u>\$1,012,418</u>

The assessment of income tax returns

As of September 30, 2023, the assessment of the income tax returns of the Company and its domestic subsidiaries are as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2020
Subsidiary- NFT Technology Co., Ltd	Assessed and approved up to 2020
Subsidiary- Crosspace Co., LTD	Assessed and approved up to 2021
Subsidiary- Minson Integration, Inc.	Assessed and approved up to 2021

(24) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
A. Basic earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand)	<u>\$470,285</u>	<u>\$1,354,442</u>	<u>\$1,704,016</u>	<u>\$3,696,747</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>132,574</u>	<u>131,030</u>	<u>132,130</u>	<u>131,030</u>
Basic earnings per share (NT\$)	<u>\$3.55</u>	<u>\$10.34</u>	<u>\$12.90</u>	<u>\$28.21</u>
B. Diluted earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand)	\$470,285	\$1,354,442	\$1,704,016	\$3,696,747
Interest expense from convertible bonds (in thousand)	<u>12,798</u>	<u>3,529</u>	<u>13,732</u>	<u>3,529</u>
Profit attributable to ordinary equity holders of the Company after dilution	<u>\$483,083</u>	<u>\$1,357,971</u>	<u>\$1,717,748</u>	<u>\$3,700,276</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	132,574	131,030	132,131	131,030
Effect of dilution:				
Employee compensation — stock (in thousands)	221	478	367	561
Convertible bonds (in thousands)	<u>6,063</u>	<u>6,289</u>	<u>6,505</u>	<u>2,119</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>138,858</u>	<u>137,797</u>	<u>139,003</u>	<u>133,710</u>
Diluted earnings per share (NT\$)	<u>\$3.48</u>	<u>\$9.85</u>	<u>\$12.36</u>	<u>\$27.67</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Information of related parties that had transactions with the Group during the financial reporting periods is as follows:

Name of the related parties	Nature of relationship of the related parties
Fusheng Curtis Direct	Substantive related party
Fu Sheng USA	Substantive related party
Fu Sheng Industrial Co., Ltd.	Substantive related party
Fusheng Electronics Corporation	Substantive related party
Fu Sheng Industrial (Shanghai) Co., Ltd.	Substantive related party
Zhong Shan Fu Sheng Electromechanical Co., Ltd.	Substantive related party
Fu Sheng (Vietnam) Industrial Co., Ltd.	Substantive related party
FS-Elliott(Shanghai)Machinery Co., Ltd.	Substantive related party
Min Yang Co., Ltd.	Substantive related party
Minson Enterprises Co., Ltd.	Substantive related party
Worldmark Service Ltd.	Substantive related party
Well Base International Limited	Substantive related party
FS-Elliott Co. LLC	Substantive related party

(1) Sales

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Fu Sheng Industrial Co., Ltd.	\$544	\$151	\$1,212	\$523
Fu Sheng USA	-	7,647	-	11,201
FS-Elliott(Shanghai)Machinery Co., Ltd.	164	-	164	-
Fu Sheng Industrial (Shanghai) Co., Ltd.	164	-	164	-
Others	1	2	20	99
Total	\$873	\$7,800	\$1,560	\$11,823

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection period for domestic sales to related parties was month-end 90 days, while the terms for overseas sales were 30~120 days from FOB shipping point. The collection period for third party domestic sales was month-end 30~60 days, while the terms for overseas sales were 30~90 days from FOB shipping point. The outstanding balance at September 30, 2023 and 2022 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

(2) Accounts receivable

	As of		
	September 30,	December 31,	September 30,
	2023	2022	2022
Fu Sheng Industrial Co., Ltd.	\$503	\$493	\$159
Fusheng Electronics Corporation	-	129	-
Fu Sheng USA	-	-	3,916
Total	<u>\$503</u>	<u>\$622</u>	<u>\$4,075</u>

(3) Accounts payable

	As of		
	September 30,	December 31,	September 30,
	2023	2022	2022
Fu Sheng (Vietnam) Industrial Co., Ltd.	\$168	\$307	\$627
Others	6	174	475
Total	<u>\$174</u>	<u>\$481</u>	<u>\$1,102</u>

(4) Other payables

	As of		
	September 30,	December 31,	September 30,
	2023	2022	2022
Fu Sheng Industrial Co., Ltd.	\$159	\$1,540	\$-
Worldmark Service Ltd.	206	-	-
Others	49	-	-
Total	<u>\$414</u>	<u>\$1,540</u>	<u>\$-</u>

(5) Refundable deposits

	As of		
	September 30,	December 31,	September 30,
	2023	2022	2022
Fu Sheng (Vietnam) Industrial Co., Ltd.	\$36,708	\$35,880	\$36,708
Min Yang Co., Ltd.	-	1,251	1,251
Total	<u>\$36,708</u>	<u>\$37,131</u>	<u>\$37,959</u>

(6) Lease—related parties

A. Rent Income

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Well Base International Limited	\$122	\$-	\$356	\$-
Fusheng Curtis Direct	-	3	-	152
Total	<u>\$122</u>	<u>\$3</u>	<u>\$356</u>	<u>\$152</u>

The rental income is generated from leasing the plant to related parties. The transaction conditions are agreed upon by both parties, and the rent is paid monthly.

B. Rent Expense

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Zhong Shan Fu Sheng Electromechanical Co., Ltd.(Note)	\$(8)	\$1,046	\$893	\$3,114
Fu Sheng Industrial Co., Ltd.	315	315	945	945
Other	-	11	14	33
Total	<u>\$307</u>	<u>\$1,372</u>	<u>\$1,852</u>	<u>\$4,092</u>

Note: During the three-month periods ended September 30, 2023, the amount is subject to exchange rate fluctuations.

Rental expenses incurred as a result of leasing from related parties. The transaction conditions are agreed upon by both parties, and the rent is paid monthly.

C. Right-of-use assets

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Fu Sheng (Vietnam) Industrial Co., Ltd.	\$261,156	\$268,661	\$234,148
Min Yang Co., Ltd.	-	4,698	5,873
Total	<u>\$261,156</u>	<u>\$273,359</u>	<u>\$240,021</u>

D. Lease liabilities

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Fu Sheng (Vietnam) Industrial Co., Ltd.	\$217,338	\$216,284	\$195,667
Min Yang Co., Ltd.	-	4,745	5,924
Total	<u>\$217,338</u>	<u>\$221,029</u>	<u>\$201,591</u>

E. Interest Expense

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Fu Sheng (Vietnam) Industrial Co., Ltd.	\$457	\$311	\$1,397	\$311
Min Yang Co., Ltd.	-	16	13	56
Total	<u>\$457</u>	<u>\$327</u>	<u>\$1,410</u>	<u>\$367</u>

F. Depreciation

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Fu Sheng (Vietnam) Industrial Co., Ltd.	\$4,621	\$663	\$13,499	\$663
Min Yang Co., Ltd.	-	1,175	1,422	3,524
Total	<u>\$4,621</u>	<u>\$1,838</u>	<u>\$14,921</u>	<u>\$4,187</u>

(7) Other income

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Worldmark Service Ltd.	\$-	\$21	\$-	\$1,122
Others	122	117	356	337
Total	<u>\$122</u>	<u>\$138</u>	<u>\$356</u>	<u>\$1,459</u>

Other income consists mainly of management service income, which is the fixed service income received monthly as a result of the Group's administration services provided to related parties.

(8) Operating expenses

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Worldmark Service Ltd.	\$607	\$560	\$1,776	\$560

The expenses were related costs that the subsidiaries entrusted the associate to handle import and export operations.

(9) Property transaction

Purchase of Property, plant and equipment:

Related party	Item of asset	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
		2023	2022	2023	2022
Zhong Shan Fu Sheng Electromechanical Co., Ltd.	Construction in progress	\$-	\$45,016	\$-	\$252,536
Minson Enterprises Co., Ltd. etc.	Land	-	-	167,509	-
Minson Enterprises Co., Ltd. etc.	Buildings	-	-	59,695	-
Fu Sheng Industrial Co., Ltd. etc. (Note)	Machinery and equipment	17	112	2,462	7,919
Total		\$17	\$45,128	\$229,666	\$260,455

Note: During the three-month periods ended September 30, 2023, the amount is subject to exchange rate fluctuations.

The above purchase price was negotiated by the buyer and the seller.

(10) Key management personnel compensation

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$26,102	\$21,649	\$74,949	\$58,477

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

Items	Carrying amount			Secured liabilities
	September 30, 2023	December 31, 2022	September 30, 2022	
Financial assets measured at amortized cost — Current	\$15,000	\$15,000	\$15,000	Gas guarantee
Property, plant and equipment — Land	47,566	47,755	45,231	Short-term loans (Note)
Property, plant and equipment — Buildings	109,754	115,114	59,564	Short-term loans (Note)
Total	<u>\$172,320</u>	<u>\$177,869</u>	<u>\$119,795</u>	

Note: As of September 30, 2023, December 31, 2022, and September 30, 2022, there is only line of credit but no drawdown amount has been applied.

9. Commitments and contingencies

(1) As of September 30, 2023, the Group has the following unused letters of credit:

Currency	Amount (in dollar)
JPY	\$95,396,622

(2) Please refer to Attachment 2 for information of guarantees for related parties.

(3) Financial institution commitments:

Financial institution	Purpose of guarantee	Amount
Bank Sinopac Co. Ltd.	Customs Duty Guarantee	\$3,000
Bangkok Bank Public Company Limited	Electricity Usage Guarantee	5,688
Total		<u>\$8,688</u>

(4) Significant unpaid commitments:

Contract	Contract amount	Payment amount	Unpaid amount
Machinery and equipment, etc.	<u>\$39,041</u>	<u>\$19,009</u>	<u>\$20,032</u>

Payment amount is recognized as construction in progress and equipment awaiting examination, prepayments for equipment and prepayments.

10. Losses due to major disasters:

None.

11. Significant subsequent events:

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss	\$216,206	\$161,687	\$419,669
Subtotal	216,206	161,687	419,669
Financial assets measured at amortized cost:			
Cash and cash equivalents (excluding cash on hand)	4,680,665	4,506,043	3,638,762
Financial assets measured at amortized cost	118,781	211,448	211,643
Notes and accounts receivable, net (including related parties)	3,174,470	5,648,259	5,120,831
Other receivables (including related parties)	231,706	265,437	261,280
Refundable deposits	54,886	54,586	60,989
Subtotal	8,260,508	10,685,773	9,293,505
Total	<u>\$8,476,714</u>	<u>\$10,847,460</u>	<u>\$9,713,174</u>

Financial liabilities

	As of		
	September 30, 2023	December 31, 2022	September 30, 2022
Financial liabilities at amortized cost:			
Short-term loans	\$662,910	\$1,429,139	\$1,827,330
Accounts payables (including related parties)	2,471,082	3,453,941	3,563,530
Lease liabilities	325,365	367,892	343,049
Other payables (including related parties)	1,368,041	1,746,711	1,517,694
Guarantee deposits	3,758	5,663	5,726
Long-term loans (including current portion with maturity less 1 year)	-	20,206	21,776
Bonds payable	1,170,168	1,447,614	1,448,653
Other non-current liability	3,085	4,432	243
Total	<u>\$6,004,409</u>	<u>\$8,475,598</u>	<u>\$8,728,001</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against foreign currency USD by 1%, the profit for the nine-month periods ended September 30, 2023 and 2022 are decrease/increase by \$37,343 thousand and \$58,462 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the nine-month periods ended September 30, 2023 and 2022 to decrease/increase by \$347 thousand and \$1,549 thousand, respectively.

Equity price risk

The fair value of the Group's listed equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities is classified under financial assets measured at fair value through profit or loss. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments.

At the reporting date, a change of 1% in the price of the listed equity securities measured at fair value through profit or loss could increase/decrease the Group's profit for the nine-month periods ended September 30, 2023 and 2022 by \$1,696 thousand and \$1,665 thousand, respectively.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of September 30, 2023, December 31, 2022 and September 30, 2022, amounts receivables from top ten customers represent 78%, 82% and 86% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for accounts and notes receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery.

When the credit risk on debt instrument investment has increased, the Group will dispose that investment in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (available without undue cost and effort) is mainly based on the macroeconomic information and the credit loss ratio is further adjusted if there is significant impact from forward-looking information.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of September 30, 2023					
Short-term loans					
(including interest payable)	\$674,543	\$-	\$-	\$-	\$674,543
Accounts payables					
(including related parties)	2,471,082	-	-	-	2,471,082
Convertible bonds	-	1,195,600	-	-	1,195,600
Lease liabilities	69,814	64,848	30,534	175,772	340,968
Other payables					
(including related parties)	1,368,041	-	-	-	1,368,041
Guarantee deposits	3,758	-	-	-	3,758
Other non-current liability	-	3,085	-	--	3,085
Total	<u>\$4,587,238</u>	<u>\$1,263,533</u>	<u>\$30,534</u>	<u>\$175,772</u>	<u>\$6,057,077</u>
As of December 31, 2022					
Short-term loans					
(including interest payable)	\$1,514,282	\$-	\$-	\$-	\$1,514,282
Accounts payables					
(including related parties)	3,453,941	-	-	-	3,453,941
Convertible bonds	-	1,493,800	-	-	1,493,800
Lease liabilities	34,277	92,840	80,063	178,476	385,656
Other payables					
(including related parties)	1,746,711	-	-	-	1,746,711
Guarantee deposits	5,663	-	-	-	5,663
Long-term loans					
(including interest payable)	20,523	-	-	-	20,523
Other non-current liability	-	4,432	-	-	4,432
Total	<u>\$6,775,397</u>	<u>\$1,591,072</u>	<u>\$80,063</u>	<u>\$178,476</u>	<u>\$8,625,008</u>
As of September 30, 2022					
Short-term loans					
(including interest payable)	\$1,854,534	\$-	\$-	\$-	\$1,854,534
Accounts payables					
(including related parties)	3,563,530	-	-	-	3,563,530
Convertible bonds	-	1,500,000	-	-	1,500,000
Lease liabilities	58,390	77,656	31,048	191,872	358,966
Other payables					
(including related parties)	1,517,694	-	-	-	1,517,694
Guarantee deposits	5,726	-	-	-	5,726
Long-term loans					
(including interest payable)	22,309	-	-	-	22,309
Other non-current liability	-	243	-	-	243
Total	<u>\$7,022,183</u>	<u>\$1,577,899</u>	<u>\$31,048</u>	<u>\$191,872</u>	<u>\$8,823,002</u>

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month period ended September 30, 2023:

	Short-term		Long-term	Guarantee	Lease	Other	Total liabilities
	loans	Bonds Payable	loans	deposits	liabilities	non-current liability	from financing activities
As of January 1, 2023	\$1,429,139	\$1,447,614	\$20,206	\$5,663	\$367,892	\$4,432	\$3,274,946
Cash flows	(806,600)	-	(20,309)	(2,093)	(51,748)	(1,347)	(882,097)
Non-cash change	-	(277,446)	-	-	911	-	(276,535)
Exchange differences	40,371	-	103	188	8,310	-	48,972
As of September 30, 2023	<u>\$662,910</u>	<u>\$1,170,168</u>	<u>\$-</u>	<u>\$3,758</u>	<u>\$325,365</u>	<u>\$3,085</u>	<u>\$2,165,286</u>

Reconciliation of liabilities for the nine-month period ended September 30, 2022:

	Short-term		Long-term	Guarantee	Lease	Other	Total liabilities
	loans	Bonds Payable	loans	deposits	liabilities	non-current liability	from financing activities
As of January 1, 2022	\$2,629,657	\$-	\$25,980	\$6,144	\$214,215	\$1,007	\$2,877,003
Cash flows	(940,165)	1,680,102	(7,213)	(1,107)	(48,553)	(764)	682,300
Non-cash change	-	(231,449)	-	-	155,115	-	(76,334)
Exchange differences	137,838	-	3,009	689	22,272	-	163,808
As of September 30, 2022	<u>\$1,827,330</u>	<u>\$1,448,653</u>	<u>\$21,776</u>	<u>\$5,726</u>	<u>\$343,049</u>	<u>\$243</u>	<u>\$3,646,777</u>

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, notes and accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- (e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, trade receivables, accounts payable and other current liabilities whose carrying amount approximate their fair value, the fair value of the Group's financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Carrying amount as of		
	September 30, 2023	December 31, 2022	September 30, 2022
Financial liabilities:			
Bonds payable	\$1,170,168	\$1,447,614	\$1,448,653
	Fair value as of		
	September 30, 2023	December 31, 2022	September 30, 2022
Financial liabilities:			
Bonds payable	\$1,171,210	\$1,446,596	\$1,440,600

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The Group's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of September 30, 2023, December 31, 2022 and September 30, 2022 is as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6(11) for further information on this transaction.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1– Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis was as follows:

As of September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss:				
Preferred stocks	\$169,587	\$-	\$-	\$169,587
Unlisted stocks	-	-	1,400	1,400
US dollar aggressive funds	-	-	405	405
Convertible bond redemption	-	-	120	120
Private-placement funds	-	-	44,694	44,694

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss:				
Preferred stocks	\$159,459	\$-	\$-	\$159,459
Unlisted stocks	-	-	1,400	1,400
US dollar aggressive funds	-	-	382	382
Convertible bond redemption	-	-	446	446

As of September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss:				
Preferred stocks	\$166,455	\$-	\$-	\$166,455
Financial products	-	-	251,274	251,274
Unlisted stocks	-	-	1,400	1,400
US dollar aggressive funds	-	-	390	390
Convertible bond redemption	-	-	150	150

Transfers between Level 1 and Level 2 during the period

During the nine-month periods ended September 30, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for Recurring fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets					
	at fair value through profit or loss					
	Financial investment products	Convertible bond redemption	US dollar aggressive funds	Private-placement funds	Total	
	Stocks					
Beginning balances as of						
January 1, 2023	\$1,400	\$-	\$446	\$382	\$-	\$2,228
Acquisition for the nine-month period ended September 30, 2023	-	154,840	-	-	44,546	199,386
Disposal for the nine-month period ended September 30, 2023	-	(154,994)	-	-	-	(154,994)
Settlements for the nine-month period ended September 30, 2023	-	-	(196)	-	-	(196)
Amount recognized in profit (presented in “other gains and losses”)	-	154	(130)	(23)	148	195
Ending balances as of						
September 30, 2023	\$1,400	\$-	\$120	\$405	\$44,694	\$46,619
Beginning balances as of						
January 1, 2022	\$1,400	\$-	\$-	\$362	\$-	\$1,762
Acquisition for the nine-month period ended September 30, 2022	-	543,693	-	-	-	543,693
Disposal for the nine-month period ended September 30, 2022	-	(312,521)	-	-	-	(312,521)
Issues for the nine-month period ended September 30, 2022	-	-	750	-	-	750
Amount recognized in profit (presented in “other gains and losses”)	-	1,444	(600)	28	-	872
Exchange differences	-	18,658	-	-	-	18,658
Ending balances as of						
September 30, 2022	\$1,400	\$251,275	\$150	\$390	\$-	\$253,214

Total gains and losses recognized in profit or loss for the nine-month periods ended September 30, 2023 and 2022 in the table above contain gains and losses related to assets on hand as of September 30, 2023 and 2022 in the amount of \$41 thousand and \$872 thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

- (a) No quantitative information of significant unobservable inputs and sensitivity analysis were available as the fair values of structured investment products and financial products were measured by the unadjusted quotes from transaction counterparties.
- (b) The fair value of unlisted securities is estimated using the market approach valuation techniques based on parameters such as the market transaction prices of comparable companies whose business and industry are similar to the investee's and considering the liquidity discount factor.
- (c) As the binomial tree model is used by the embedded derivatives to price the fair value, the volatility of the embedded derivatives is a significant unobservable input. A change of 1 basis points of volatility could cause the profit of the Group to decrease/increase by \$0.
- (d) The fair value of private-placement funds is estimated using the net asset value and consider the liquidity discount. A change of 1 basis points of the liquidity discount could cause the profit of the Group to decrease/increase by \$447 thousand.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Management Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

- C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of September 30, 2023,

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables	\$1,171,210	\$-	\$-	\$1,171,210

As of December 31, 2022,

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables	\$1,446,596	\$-	\$-	\$1,446,596

As of September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables	\$1,440,600	\$-	\$-	\$1,440,600

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of September 30, 2023		
	Foreign currencies (thousands)	Foreign exchange rate	NTD (thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$167,372	32.27	\$5,401,094
JPY	71,505	0.2161	15,452
HKD	2,473	4.12	10,189

Financial liabilities

Monetary items:

USD	13,078	32.27	422,027
JPY	95,203	0.2161	20,573

	As of December 31, 2022		
	Foreign currencies (thousands)	Foreign exchange rate	NTD (thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$268,419	30.71	\$8,243,147
JPY	44,478	0.2342	10,417
EUR	462	32.87	15,186

As of December 31, 2022			
	Foreign currencies	Foreign	
	(thousands)	exchange rate	NTD (thousands)
<u>Financial liabilities</u>			
Monetary items:			
USD	\$79,805	30.71	\$2,450,812
JPY	86,817	0.2342	20,333
HKD	3,627	3.93	14,254

As of September 30, 2022			
	Foreign currencies	Foreign	
	(thousands)	exchange rate	NTD (thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$228,738	31.74	\$7,260,144
JPY	80,595	0.2193	17,674
EUR	443	31.12	13,786

<u>Financial liabilities</u>			
Monetary items:			
USD	44,548	31.74	1,413,954
JPY	53,936	0.2193	11,828
HKD	11,526	4.04	46,565

The above information is disclosed based on book value of foreign currency. The exchange rate is determined with reference to the spot selling exchange rate announced by Anue.

Since there were various functional currencies used within the subsidiaries of the Group, the Group was unable to disclose foreign exchange gains and losses towards each foreign currency with significant impact. The realized and unrealized foreign exchange gains was \$27,666 thousand and \$271,659 thousand for the three-month and nine-month periods ended September 30, 2023 respectively, and was \$436,716 thousand and \$832,337 thousand for the three-month and nine-month periods ended September 30, 2022.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions

- A. Financing provided to others: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others: Please refer to Attachment 2.
- C. Securities held at the end of the period: Please refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding \$300 million or 20 percent of the capital stock or more: None.
- E. Acquisition of real estate with amount exceeding \$300 million or 20 percent of the capital stock or more: None.
- F. Disposal of real estate with amount exceeding \$300 million or 20 percent of the capital stock or more: None.
- G. Related party transactions for purchases and sales amounts exceeding \$100 million or 20 percent of the capital stock or more: Please refer to Attachment 4.
- H. Receivables from related parties with amounts exceeding \$100 million or 20 percent of capital stock or more: None.
- I. Financial instruments and derivative transactions: Please refer to Note 6(2) and 6(11).
- J. Others: Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and accounts of any significant transactions between term: Please refer to Attachment 6.

(2) Information on investees

- (a) Of the investee company directly or indirectly has significant influence or control over, their investee companies' information: Please refer to Attachment 7.
- (b) For the investees in which the Company directly or indirectly has a control, should the related information from A to J of investees shall be disclosed; refer to attachment for A, C, G, H and J. The related information of the information of I, please refer to Note 6(2), B and D – F are not available.

(3) Information on investments in mainland China (written off as a result of consolidated statements):

- A. The investee company name, main businesses, paid-in capital, type of the investment, capital inflow and outflow, ownership, investment gains and loss, ending balance of investment, repatriation of investment income and the mainland investment limit scenario: Please refer to Attachment 8.
- B. Transactions with the investee companies directly or indirectly through and third country following the occurrence of significant transactions, prices, payment terms and unrealized gains and losses: Please refer to Attachment 9.

(4) Information on major shareholders

Shareholder	Share Number of shares	Percentage of ownership
Grateful Social Welfare Foundation	9,000,000	6.78%
Valiant APO Holdings III Limited	6,754,260	5.09%

14. Segment information

(1) General information

For management purposes, the Group divides operating units based on different products and services, and divides them into the following two reporting operating departments:

- A. Golf Business Segment: This segment is responsible for the manufacturing and sales of golf club head and shafts.
- B. Sports Equipment Business Segment: This segment is responsible for the manufacture and sales of boots, helmets and protective gear for ice hockey, cross-country motorcycles, baseball, skiing and other related sports.

The aforementioned reportable operating department did not summarize more than one operating department.

(2) Segment Information

The management individually monitors the operating results of its business units to formulate decisions on resource allocation and performance evaluation. The performance of the department is evaluated based on pre-tax profit and loss. The reportable department's accounting policies are the same as the general accounting policies of the Group.

(3) Reconciliation for segment revenue, income(loss), assets, liabilities and others

For the three-month period ended September 30, 2023

	Golf Business Segment	Sports Equipment Business Segment	Subtotal	Other Operating Segments (Note1)	Adjustment and Elimination	Consolidated
External customer	\$4,441,222	\$529,188	\$4,970,410	\$254,847	\$-	\$5,225,257
Inter-segment (Note 2)	2,225	-	2,225	(1,123)	(1,102)	-
Total revenue	<u>\$4,443,447</u>	<u>\$529,188</u>	<u>\$4,972,635</u>	<u>\$253,724</u>	<u>\$(1,102)</u>	<u>\$5,225,257</u>
Segment profit	<u>\$463,344</u>	<u>\$78,720</u>	<u>\$542,064</u>	<u>\$(20,411)</u>	<u>\$-</u>	<u>\$521,653</u>

For the three-month period ended September 30, 2022

	Golf Business	Sports Equipment		Other		
	Segment	Business Segment	Subtotal	Operating Segments (Note1)	Adjustment and Elimination	Consolidated
External customer	\$6,881,351	\$919,578	\$7,800,929	\$243,181	\$-	\$8,044,110
Inter-segment (Note 2)	1,458	-	1,458	6,483	(7,941)	-
Total revenue	<u>\$6,882,809</u>	<u>\$919,578</u>	<u>\$7,802,387</u>	<u>\$249,664</u>	<u>\$(7,941)</u>	<u>\$8,044,110</u>
Segment profit	<u>\$1,268,820</u>	<u>\$177,216</u>	<u>\$1,446,036</u>	<u>\$(6,324)</u>	<u>\$-</u>	<u>\$1,439,712</u>

For the nine-month period ended September 30, 2023

	Golf Business	Sports Equipment		Other		
	Segment	Business Segment	Subtotal	Operating Segments (Note1)	Adjustment and Elimination	Consolidated
External customer	\$14,882,153	\$1,742,397	\$16,624,550	\$744,542	\$-	\$17,369,092
Inter-segment (Note 2)	6,737	-	6,737	13,526	(20,263)	-
Total revenue	<u>\$14,888,890</u>	<u>\$1,742,397</u>	<u>\$16,631,287</u>	<u>\$758,068</u>	<u>\$(20,263)</u>	<u>\$17,369,092</u>
Segment profit	<u>\$1,717,254</u>	<u>\$140,111</u>	<u>\$1,857,365</u>	<u>\$(77,891)</u>	<u>\$-</u>	<u>\$1,779,474</u>
Segment assets	<u>\$15,216,163</u>	<u>\$2,396,580</u>	<u>\$17,612,743</u>	<u>\$925,681</u>	<u>\$(6,742)</u>	<u>\$18,531,682</u>
Segment liabilities	<u>\$5,324,933</u>	<u>\$637,761</u>	<u>\$5,962,694</u>	<u>\$707,244</u>	<u>\$(6,742)</u>	<u>\$6,663,196</u>

For the nine-month period ended September 30, 2022

	Golf Business	Sports Equipment		Other		
	Segment	Business Segment	Subtotal	Operating Segments (Note1)	Adjustment and Elimination	Consolidated
External customer	\$21,307,394	\$2,502,121	\$23,809,515	\$690,102	\$-	\$24,499,617
Inter-segment (Note 2)	3,800	-	3,800	19,590	(23,390)	-
Total revenue	<u>\$21,311,194</u>	<u>\$2,502,121</u>	<u>\$23,813,315</u>	<u>\$709,692</u>	<u>\$(23,390)</u>	<u>\$24,499,617</u>
Segment profit	<u>\$3,522,954</u>	<u>\$394,904</u>	<u>\$3,917,858</u>	<u>\$4,208</u>	<u>\$-</u>	<u>\$3,922,066</u>
Segment assets	<u>\$17,221,954</u>	<u>\$3,484,166</u>	<u>\$20,706,120</u>	<u>\$915,205</u>	<u>\$(2,475)</u>	<u>\$21,618,850</u>
Segment liabilities	<u>\$8,550,163</u>	<u>\$988,476</u>	<u>\$9,538,639</u>	<u>\$567,602</u>	<u>\$(2,475)</u>	<u>\$10,103,766</u>

Note1: Revenue from other operating segments are operating segments that do not meet the quantitative thresholds for reportable segments.

Note2: Inter-segment revenues are eliminated on consolidation and recorded under the “Adjustment and Elimination” column.

(Unit : thousands of NTD)

No. (Note1)	Financing Company	Counterparty	Financial Statement Account (Note2)	Related Party	Maximum Balance for the period (Note3)	Ending Balance (Note8)	Actual Amount provided	Interest Rate	Nature of Financing (Note4)	Transaction Amounts (Note5)	Reason for Financing (Note6)	Allowance for Bad Debt	Collateral		Amount for Individual Counterparty (Note 7)	Financial Amount for Financing Company (Note 7)
													Item	Value		
0	Fusheng Precision Co., Ltd.	Ming Fa Cheng Enterprise Co., Ltd.	Other receivables	No	\$50,000	\$50,000	\$50,000	2.80%	1	\$107,681	-	\$-	Cashier's check provided by third party	\$50,000	\$107,681	\$4,261,034
0	Fusheng Precision Co., Ltd.	Vision International Co., Ltd.	Other receivables due from related parties	Yes	903,560	903,560	677,670	2.74%	2	-	Operating turnover	-	-	-	1,065,258	4,261,034
1	Minson Integration, Inc.	MINONE ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	340,000 (Note9)	170,000	96,810	2.87%	2	-	Operating turnover	-	-	-	703,839	703,839
1	Minson Integration, Inc.	MINTECH ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	390,000 (Note9)	170,000	-	2.87%	2	-	Construction of plant and acquisition of equipment	-	-	-	703,839	703,839
2	MINTECH ENTERPRISES COMPANY LIMITED	MINSON ENTERPRISES (THAILAND) COMPANY LIMITED	Other receivables due from related parties	Yes	35,352	35,352	-	-	2	-	Operating turnover	-	-	-	370,027	370,027
2	MINTECH ENTERPRISES COMPANY LIMITED	MENXON ENTERPRISES (THAILAND) COMPANY LIMITED	Other receivables due from related parties	Yes	17,676	17,676	-	-	2	-	Operating turnover	-	-	-	370,027	370,027
2	MINTECH ENTERPRISES COMPANY LIMITED	MINONE ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	26,514	26,514	-	-	2	-	Operating turnover	-	-	-	370,027	370,027
3	MENXON ENTERPRISES (THAILAND) COMPANY LIMITED	MINSON ENTERPRISES (THAILAND) COMPANY LIMITED	Other receivables due from related parties	Yes	17,676	17,676	-	-	2	-	Operating turnover	-	-	-	192,593	192,593
3	MENXON ENTERPRISES (THAILAND) COMPANY LIMITED	MINTECH ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	17,676	17,676	-	-	2	-	Operating turnover	-	-	-	192,593	192,593
3	MENXON ENTERPRISES (THAILAND) COMPANY LIMITED	MINONE ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	17,676	17,676	-	-	2	-	Operating turnover	-	-	-	192,593	192,593
4	MINSON ENTERPRISES (THAILAND) COMPANY LIMITED	MENXON ENTERPRISES (THAILAND) COMPANY LIMITED	Other receivables due from related parties	Yes	26,514	26,514	-	-	2	-	Operating turnover	-	-	-	255,408	255,408
4	MINSON ENTERPRISES (THAILAND) COMPANY LIMITED	MINTECH ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	35,352	35,352	4,419	1.90%	2	-	Operating turnover	-	-	-	255,408	255,408
4	MINSON ENTERPRISES (THAILAND) COMPANY LIMITED	MINONE ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	26,514	26,514	-	-	2	-	Operating turnover	-	-	-	255,408	255,408

Note 1 : The Company and its subsidiaries are coded as follows:

(1)The Company is coded "0".

(2)The subsidiaries are coded starting from "1" in the order.

Note 2 : If the economic substance of transactions are financing to others, regardless of which component they recognized as in the financial statements, certain transactions are included herein.

Note 3 : Maximum balance of the Company and its subsidiaries' financing to others for the period.

Note 4 : Nature of financing is coded as follows:

(1)The financing occurred due to business transactions is coded "1".

(2)The financing occurred due to short-term financing is coded "2".

Note 5 : Total amount of the financing is disclosed herein if the financing was related to business transactions. The amount shall mean the transaction amount between the lending entity and the borrower within the most recent year.

Note 6 : The reasons and counterparties of the financing are addressed herein as the financing associated with short-term capital needs.

Note 7 : (1) Financing to an individual entity is limited to the amount of the business transaction between the two parties. The transaction amount is the higher of purchase or sale amount between the two parties in the most recent year and is limited to 10% of the Company's net value.

The accumulated total financing provided to others is limited to 40% of the Company's net value.

(2) Financing to an individual entity which has short-term funding needs is limited to 10% of the Company's net worth. Those subsidiaries of the Company in which the Company directly or indirectly holds 100% voting rights shall not be subject to the preceding limit in case of short-term funding needs.

(3) Minson Integration, Inc.: Financing to an individual entity is limited to the amount of the business transaction between the two parties. The transaction amount is the higher of purchase or sale amount between the two parties in the most recent year and is limited to 10% of the Company's net value.

The short-term financing shall not exceed 10% of the loan and the net value of the company, and those subsidiaries of the Company that directly or indirectly holds 100% the voting rights shall not be subject to the preceding limit. The accumulated total financing provided to others is limited to 40% of the Company's net value.

(4) MINTECH ENTERPRISES COMPANY LIMITED: The short-term financing shall not exceed 100% of the net value of the Company, and be limited to the parent company and other subsidiaries of the Group.

(5) MENXON ENTERPRISES (THAILAND) COMPANY LIMITED: The short-term financing shall not exceed 100% of the net value of the Company, and be limited to the parent company and other subsidiaries of the Group.

(6) MINSON ENTERPRISES (THAILAND) COMPANY LIMITED: The short-term financing shall not exceed 100% of the net value of the Company, and be limited to the parent company and other subsidiaries of the Group.

Note 8 : If a listed company brings the financing proposal to the board of directors according to Paragraph 1, Article 1 of the Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies, the company still needs to disclose the resolution amount of the board in the balance to disclose the risk, even if the funds are not appropriated yet. With the return of the funds afterward, the company should disclose the amount returned to reflect the adjusted risk. If a listed company authorizes the chairman of the board of directors to appropriate or use certain limits of the funds several times in the period of a year according to Paragraph 2, Article 14 of Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies, the company still needs to disclose the amount approved by the board.

Note 9: As to Minson Integration, Inc. convened the board meeting ahead of schedule, the maximum balance for the period was doubled according to the calculation standards. However, the Company did not exceed the limit in terms of actual balance.

(Unit : thousands of NTD/thousands of USD)

NO. (Note1)	Endorser/Guarantor	Receiving Party		Limited of Endorsement/Guarantee Amount for receiving party (Note3)	Maximum Balance of the period (Note4)	Ending Balance (Note5)(Note8)	Actual Amount provided (Note6)(Note8)	Amount of Endorsement/ Guarantee collateralized	Percentage of Accumulated Endorsement/Guarantee to Net Equity per latest Financial statements	Limit on the Endorsement/Guarantee Amount (Note 3)	Parent Company Endorsed or Guaranteed for the Subsidiaries (Note 7)	Subsidiaries Endorsed or Guaranteed for the Parent Company (Note 7)	Endorsement or Guarantee for Entities in China (Note 7)
		Company Name	Relationship (Note2)										
0	Fusheng Precision Co., Ltd.	World Gate Holdings Ltd.	2	\$26,631,460	\$516,320 (USD16,000)	\$516,320 (USD16,000)	\$-	N	4.85%	\$26,631,460	Y	-	-
0	Fusheng Precision Co., Ltd.	FS-Precision Tech Co., LLC.	2	26,631,460	645,400 (USD20,000)	645,400 (USD20,000)	322,700	N	6.06%	26,631,460	Y	-	-
0	Fusheng Precision Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	2	26,631,460	968,100 (USD30,000)	968,100 (USD30,000)	-	N	9.09%	26,631,460	Y	-	-
0	Fusheng Precision Co., Ltd.	NFT Technology Co., Ltd.	2	12,783,101	210,000	210,000	30,000	N	1.97%	26,631,460	Y	-	-

Note 1 : The Company and its subsidiaries are coded as follows:

- (1)The Company is coded "0".
(2)The subsidiaries are coded starting from "1" in numerical order.

Note 2 : The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

- (1)An investee that has a business relationship with the Company
(2)A subsidiary in which the Company holds directly over 50% of equity interest.
(3)An investee in which the Company and its subsidiaries hold over 50% of equity interest.
(4)An investee in which the Company holds directly or indirectly over 90% of equity interest.
(5)A company which needs mutual insurance basing on the construction agreement.
(6)A company in which the Company endorses or guarantees basing on the holding proportion of mutual investments.
(7)The performance guarantee of the preconstruction real estate contact between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3 : The maximum of endorsement guarantee to a single entity is capped at 120% of the Company's net value; 100% directly and indirectly owned subsidiaries are not subject to such limitation, however the maximum amount of guarantee shall not exceed 250% of the Company's net value.

The total guarantee provided externally is limited to 250% of the Company's net value; the total accumulated external guarantee the Company and subsidiaries provided shall not exceed 250% of the Company's net value.

Note 4 : The maximum amount of the Company and its subsidiaries' endorsement or guarantee to others for the six-month period ended September 30, 2023

Note 5 : It should be filled in the amount which approved by the Board of Directors. However, it should be filled in the amount which utilized by the chairman, whom authorized by the Board of Directors in accordance with Subparagraph 8, Article 12 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies.

Note 6 : Fill in the actual amount drawn from the balance.

Note 7 : Fill in "Y" if it belongs to "Parent Company Endorsed or Guaranteed for the Subsidiaries", "Subsidiaries Endorsed or Guaranteed for the Parent Company", or "Endorsement or Guarantee for Entities in China".

Note 8 : Foreign currency were exchanged by exchange rate as at balance sheet date.

ATTACHMENT 3 : Securities held as of September 30, 2023 (excluding subsidiary, associates and jointly controlled)

(Unit : thousands of NTD/thousands of foreign currency)

Company	Type and Name of the securities (Note1)	Relationship (Note2)	Financial Statement Account	As of September 30, 2023				Remark (Note 4)
				Shares/Unit	Carrying Value(Note 3)	Percentage of Ownership	Fair Value	
Fusheng Precision Co., Ltd.	Preferred Shares B - Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit and losses—current	1,666 thousands shares	\$99,627	-	\$99,627	
Fusheng Precision Co., Ltd.	Preferred Stock B - Cathay Financial Holding Co., Ltd.	-	Financial assets at fair value through profit and losses—current	1,166 thousands shares	69,960	-	69,960	
Fusheng Precision Co., Ltd.	Private-placement funds - Hoshun Hing Intelligent Mobile Limited Partnership	-	Financial assets at fair value through profit and losses—non-current	NTD44,545	44,694	1.11%	44,694	
NFT Technology Co., Ltd.	US dollar aggressive funds	-	Financial assets at fair value through profit and losses—non-current	USD20,000	405	-	405	
NFT Technology Co., Ltd.	Sunny Bank stock	-	Financial assets at fair value through profit and losses—non-current	284 thousands shares	1,400	-	1,400	

Note 1 : The securities herein shall refer to stocks, bonds, beneficiary certificates and other marketable securities derived from the above items in the scope of IFRS 9-Financial Instruments.

Note 2 : Securities issued by non-related parties are not required to fill in this column.

Note 3 : For items measured at fair value, the carrying value is the balance of the book value adjusted by fair value valuation deducting accumulated impairment. For items not measured at fair value, the carrying value is the book value balance of the historical cost or amortized cost after deducting accumulated impairment.

(Unit : thousands of NTD)

Company Name	Related Party	Relationship	Transactions Details				Details Different from Non-arm's Length Transactions		Notes and Accounts Receivable (Payable)		Remark
			Purchases /Sales	Amount (Note2)	Percentage of Total Sales or Purchases(%)	Payment Terms	Unit Price	Payment Terms	Balance (Note2)	Percentage of Total Receivable (Payable)	
Fusheng Precision Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Parent - subsidiary	Purchases	\$6,174,428	52.34%	T/T 60 days	No significant difference	No significant difference	Accounts payable \$(3,807,451)	(79.72)%	
Fusheng Precision Co., Ltd.	Vision International Co., Ltd.	Parent - subsidiary	Purchases	4,433,379	37.58%	T/T 30 days	No significant difference	No significant difference	Accounts payable (456,767)	(9.56)%	
Extensor World Trading Ltd. (Hong Kong)	Fusheng Precision Co., Ltd.	Parent - subsidiary	Sales	(6,174,428)	(97.05)%	T/T 60 days	No significant difference	No significant difference	Accounts receivable 3,807,451	98.37%	
Extensor World Trading Ltd. (Hong Kong)	Zhong Shan Worldmark Sporting Goods Ltd.	Affiliate Company	Purchases	5,254,358	83.82%	T/T 90 days	No significant difference	No significant difference	Accounts payable (4,246,699)	(96.09)%	
Extensor World Trading Ltd. (Hong Kong)	Vision International Co., Ltd.	Affiliate Company	Purchases	129,494	2.07%	T/T 30 days	No significant difference	No significant difference	Accounts payable (19,947)	(0.45)%	
Extensor World Trading Ltd. (Hong Kong)	Vision International Co., Ltd.	Affiliate Company	Sales	(227,462)	(3.58)%	T/T 120 days	No significant difference	No significant difference	Accounts receivable 62,253	1.61%	
Extensor World Trading Ltd. (Hong Kong)	AUBO PRECISION (HONG KONG) CO., LIMITED	Affiliate Company	Purchases	122,158	1.95%	T/T 45 days	No significant difference	No significant difference	Accounts payable (38,862)	(0.88)%	
Vision International Co., Ltd.	Fusheng Precision Co., Ltd.	Parent - subsidiary	Sales	(4,433,379)	(94.64)%	T/T 30 days	No significant difference	No significant difference	Accounts receivable 456,767	89.51%	
Vision International Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Affiliate Company	Sales	(129,494)	(2.76)%	T/T 30 days	No significant difference	No significant difference	Accounts receivable 19,947	3.91%	
Vision International Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Affiliate Company	Purchases	227,462	7.38%	T/T 120 days	No significant difference	No significant difference	Accounts payable (62,253)	(7.20)%	
Vision International Co., Ltd.	AUBO PRECISION (HONG KONG) CO., LIMITED	Affiliate Company	Purchases	144,782	4.70%	T/T 45 days	No significant difference	No significant difference	Accounts payable (38,101)	(4.40)%	
Zhong Shan Worldmark Sporting Goods Ltd.	Extensor World Trading Ltd. (Hong Kong)	Affiliate Company	Sales	(5,254,358)	(66.63)%	T/T 90 days	No significant difference	No significant difference	Accounts receivable 4,246,699	84.02%	
AUBO PRECISION (HONG KONG) CO., LIMITED	Vision International Co., Ltd.	Affiliate Company	Sales	(144,782)	(11.67)%	T/T 45 days	No significant difference	No significant difference	Accounts receivable 38,101	8.53%	
AUBO PRECISION (HONG KONG) CO., LIMITED	Extensor World Trading Ltd. (Hong Kong)	Affiliate Company	Sales	(122,158)	(9.87)%	T/T 45 days	No significant difference	No significant difference	Accounts receivable 38,862	8.71%	

Note 1: The above ratios are calculated based on the Company's individual financial statements.

Note 2: It has been written off as a result of consolidated statements.

ATTACHMENT 5 : Receivables from related parties with amounts exceeding \$100 million or 20 percent of capital stock as of September 30, 2023

(Unit : thousands of NTD)

Company	Counterparty	Relationship	Ending Balance(Note)	Turnover	Overdue Receivables		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Collection		
Extensor World Trading Ltd. (Hong Kong)	Fusheng Precision Co., Ltd.	Parent - subsidiary	\$3,807,451	1.81	\$-	-	\$161,350	\$-
Vision International Co., Ltd.	Fusheng Precision Co., Ltd.	Parent - subsidiary	456,767	6.83	-	-	327,968	-
Zhong Shan Worldmark Sporting Goods Ltd.	Extensor World Trading Ltd. (Hong Kong)	Affiliated Company	4,246,699	1.40	-	-	548,590	-

Note: It has been written off as a result of consolidated statements.

ATTACHMENT 6 : Significant intercompany transactions for the nine-month period ended September 30, 2023

(Unit : thousands of NTD)

No. (Note1)	Related Party	Counter Party	Relationship with the Company	Transaction Details			
				Account	Amount (Note3)	Terms	Percentage of consolidated total operating revenues or total assets(Note2)
0	Fusheng Precision Co., Ltd.	Vision International Co., Ltd.	Parent company to subsidiary	Accounts payable	\$456,767	T/T 30 days	2%
0	Fusheng Precision Co., Ltd.	Vision International Co., Ltd.	Parent company to subsidiary	Purchases	4,433,379	T/T 30 days	26%
0	Fusheng Precision Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Parent company to subsidiary	Accounts payable	3,807,451	T/T 60 days	21%
0	Fusheng Precision Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Parent company to subsidiary	Sales	46,278	T/T 60 days	-%
0	Fusheng Precision Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Parent company to subsidiary	Purchases	6,174,428	T/T 60 days	36%
0	Fusheng Precision Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Parent company to subsidiary	Accounts receivable	13,812	T/T 60 days	-%
0	Fusheng Precision Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Parent company to subsidiary	Other revenue	70,957	T/T 60 days	-%
0	Fusheng Precision Co., Ltd.	FS-North America, Inc.	Parent company to subsidiary	Operating expenses	13,592	T/T	-%
1	Vision International Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Subsidiary to subsidiary	Accounts payable	62,253	T/T 120 days	-%
1	Vision International Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Subsidiary to subsidiary	Sales	129,494	T/T 30 days	1%
1	Vision International Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Subsidiary to subsidiary	Purchases	227,462	T/T 120 days	1%
1	Vision International Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Subsidiary to subsidiary	Accounts receivable	19,947	T/T 30 days	-%
1	Vision International Co., Ltd.	AUBO PRECISION (HONG KONG) CO., LIMITED	Subsidiary to subsidiary	Accounts payable	38,101	T/T 45 days	-%
1	Vision International Co., Ltd.	AUBO PRECISION (HONG KONG) CO., LIMITED	Subsidiary to subsidiary	Purchases	144,782	T/T 45 days	1%
2	Extensor World Trading Ltd. (Hong Kong)	Zhong Shan Worldmark Sporting Goods Ltd.	Subsidiary to subsidiary	Accounts payable	4,246,699	T/T 90 days	23%
2	Extensor World Trading Ltd. (Hong Kong)	Zhong Shan Worldmark Sporting Goods Ltd.	Subsidiary to subsidiary	Purchases	5,254,358	T/T 90 days	30%
2	Extensor World Trading Ltd. (Hong Kong)	AUBO PRECISION (HONG KONG) CO., LIMITED	Subsidiary to subsidiary	Accounts payable	38,862	T/T 45 days	-%
2	Extensor World Trading Ltd. (Hong Kong)	AUBO PRECISION (HONG KONG) CO., LIMITED	Subsidiary to subsidiary	Purchases	122,158	T/T 45 days	1%

Note1 : The Company and its subsidiaries are coded as follows:

1.The Company is coded "0".

2.Subsidiaries are coded consecutively starting from "1" in the order presented in the table above.

Note 2: The percentage is determined by the ratio of the transaction amount to the consolidated revenues or the total assets. Items on the balance sheet are calculated by the ending balance to total consolidated assets;

items on the income statement are calculated by their cumulative balance to the total consolidated income.

Note 3: The above important transactions have been written off as a result of consolidated statements.

Investor company	Investee company (Note1,2)	Address	Main business and products	Initial Investment		Investment as of September 30, 2023			Net income(loss) of investee company	Investment income (loss) recognized (Note 3)	Remark
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value (Note3)			
Fusheng Precision Co., Ltd.	World Gate Holdings Ltd.	Unit 908, 9/F, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong.	Investment holding	\$349,750 (HKD 93,000)	\$349,750 (HKD 93,000)	93,000,000	100.00%	\$5,780,916	\$321,953	\$271,525	Note 4
Fusheng Precision Co., Ltd.	Sharphope Company Ltd.	Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Island.	Investment holding	1,538 (USD 50)	1,538 (USD 50)	50,000	100.00%	1,058,316	41,388	53,984	Note 4
Fusheng Precision Co., Ltd.	Vision International Co., Ltd.	19 Friendship Avenue, Singapore Industrial Zone, Shun Shun An County, Binh Duong Province, Vietnam	Manufacture and sale of golf club head	538,924 (USD 16,200)	538,924 (USD 16,200)	16,200,000	62.31%	694,752	150,506	105,192	Note 4
Fusheng Precision Co., Ltd.	Gainsmart Group Ltd.	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Island.	Investment holding	599,096 (USD 18,000)	599,096 (USD 18,000)	18,000,000	100.00%	6,372	(69,442)	(69,442)	Note 4
Fusheng Precision Co., Ltd.	NFT Technology Co., Ltd	No. 88, Weisui W. Rd., Gangshan Dist., Kaohsiung	Manufacture and sale of aerospace precision casting parts	226,000	226,000	13,600,000	69.74%	193,343	5,077	773	Note 4
Fusheng Precision Co., Ltd.	Crosspace Co.,Ltd.	3F, No. 172, Sec. 2 Nanjing E Rd., Zhongshan Dist. Taipei City	Selling pure titanium tableware and kitchenware	1,000	1,000	100,000	100.00%	442	(338)	(338)	Note 4
Fusheng Precision Co., Ltd.	Minson Integration, Inc.	6F, No. 168, Ruiguang Rd., Neihu Dist., Taipei City	R&D and sales of shoes, helmets and protective gear for ice hockey, motocross, baseball, skiing and other sports	1,728,900	1,728,900	24,429,000	82.81%	2,145,828	133,374	96,395	Note 4
Sharphope Company Ltd.	Extensor World Trading Ltd. (Hong Kong)	Unit 908, 9/F, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong.	International trade	294,166 (USD 10,000)	294,166 (USD 10,000)	10,000,000	100.00%	623,610	(5,202)	(5,202)	Note 4
Sharphope Company Ltd.	Vision International Co., Ltd.	19 Friendship Avenue, Singapore Industrial Zone, Shun Shun An County, Binh Duong Province, Vietnam	Manufacture and sale of golf club head	298,900 (USD 9,800)	-	9,800,000	37.69%	423,979	150,506	44,990	Note 4
Gainsmart Group Ltd.	FS-North America, Inc.	Ste. 1B, 9 E. Lockerman Street, Dover, Kent 19901, Delaware, USA.	Investment holding	522,548 (USD 15,700)	522,548 (USD 15,700)	10,000	100.00%	6,348	(69,461)	(69,461)	Note 4
FS-North America, Inc.	FS-Precision Tech Co., LLC.	3025 East Victoria Street,Rancho Dominguez, CA 90221, USA.	Manufacture and sale automotive parts and aerospace parts	522,548 (USD 15,700)	522,548 (USD 15,700)	-	100.00%	2,439	(70,297)	(70,297)	Note 4
Zhong Shan Aubo Precision Technology Co., Ltd.	AUBO (VIET NAM) PRECISION TECHNOLOGY COMPANY LIMITE	CN16, No. 12D, N2 Road, Shenlang Third Industrial Zone, Fuxinfang, Tuen Long, Vietnam	Manufacture precision hardware products, plastic products	92,155 (USD 3,500)	92,155 (USD 3,000)	300,000	100.00%	137,449	7,990	7,990	Note 4
Zhong Shan Aubo Precision Technology Co., Ltd.	AUBO PRECISION (HONG KONG) CO., LIMITED	Unit 908, 9/F, Lippo Sun Plaza, 28 Canton Road, TST, KLN, HongKong.	International trade	363 (USD 100)	363 (USD 100)	100,000	100.00%	63,421	15,652	15,652	Note 4
Minson Integration, Inc.	MINTECH ENTERPRISES COMPANY LIMITED	No.692,Moo 4, Tambol Prakkasa,Amphur Muang Samutprakarn,Samutprakarn.	Manufacture , R&D and sale of plastic injection parts, sports helmets and various footwear, protective gear	400,000	400,000	19,999,998	100.00%	468,728	40,479	37,124	Note 4
Minson Integration, Inc.	MINONE ENTERPRISES COMPANY LIMITED	No.675,Moo 4, Tambol Prakkasa,Amphur Muang Samutprakarn,Samutprakarn.	Manufacture and sale of motocross boots, skates and sports protective gear	189,594	189,594	1,499,998	100.00%	179,257	(4,192)	(4,089)	Note 4
Minson Integration, Inc.	MINSON ENTERPRISES (THAILAND) COMPANY LIMITED	No.674,Moo 4, Tambol Prakkasa,Amphur Muang Samutprakarn,Samutprakarn.	Manufacture and sale of motocross boots and protective gear and in-line skates	280,000	280,000	11,999,998	100.00%	377,982	6,883	11,453	Note 4
Minson Integration, Inc.	MENXON ENTERPRISES (THAILAND) COMPANY LIMITED	No.666,Moo 4, Tambol Prakkasa,Amphur Muang Samutprakarn,Samutprakarn.	Manufacture and sale of ice hockey shoes and motocross boots	230,000	230,000	9,999,998	100.00%	260,638	10,451	6,779	Note 4

Note 1 : If a publicly-issued company has a foreign holding company and uses consolidated statements as its main financial statement in accordance with local laws and regulations, the disclosure of information about foreign invested companies may only disclose relevant information to the holding company.

Note 2: Those who are not in the situation described in Note 1 should fill in according to the following regulations:

(1)The columns of "Investee company", "Address", "Main business and products", "Initial Investment", and "Investment as of September 30, 2023" should fill in information of the reinvestment of the listed company, reinvestment of every direct or indirect reinvestment of the investee, and disclose the relationship of the investees with the Company in the Remark column.

(2)The column of "Net income(loss) of investee company" should fill in the current profit and loss of the investees.

(3)The columns of "Investment income (loss) recognized" only require profit/loss of the direct investees and all investees accounted for under the equity method.

When filling in the above items, make sure the profit/loss of direct investee subsidiaries include the profit or loss of their reinvestments that are required to be recognized.

Note 3 : It includes the unrealized gross profit of the current and downstream sales.

Note 4 : It has been written off as a result of consolidated statements.

ATTACHMENT 8 : Investment in Mainland China

(Unit : thousands of NTD/thousands of foreign currency)

Investee company	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated outflow of investment from Taiwan as of September 30, 2023	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note9)	Carrying value as of September 30, 2023 (Note9)	Accumulated inward remittance of earnings as of outflow September 30, 2023	Remark
					Outflow	Inflow							
Zhong Shan Worldmark Sporting Goods Ltd.	Manufacture and sale of golf club head	USD40,900	(2)	USD54,000 (Note 4)	\$-	\$-	USD54,000 (Note4)	\$281,167 RMB 63,555	100.00%	\$281,167 RMB 63,555 (Note2)(2)B	\$4,843,580 RMB 1,098,716 (Note2)(2)B	\$-	
Zhong Shan LongXing Precision Machinery Co., Ltd.	Manufacture and sale of sports equipment, automotive parts, molds and other products	USD2,000	(2)	USD2,000	-	-	USD2,000	(18,492) RMB (4,180)	100.00%	(18,492) RMB (4,180) (Note2)(2)B	107,362 RMB 24,354 (Note2)(2)B	-	
Zhong Shan DingXing Vacuum Technology Co., Ltd.	Researching and developing and manufacturing of vacuum technology products, vacuum coating processing and sports equipment, metal products import and export business	RMB15,200	(3) (Note 6)	-	-	-	-	(580) RMB (131)	100.00%	(580) RMB (131) (Note2)(2)B	92,920 RMB 21,078 (Note2)(2)B	-	
Zhong Shan Aubo Precision Technology Co., Ltd.	Researching and developing and manufacturing hardware, plastics and printing of packaging	RMB60,000	(2)	USD5,500 (Note 7)	-	-	USD5,500 (Note7)	116,024 RMB 26,226	52.50%	60,913 RMB 13,769 (Note2)(2)B	788,222 RMB 178,800 (Note2)(2)B	-	
Zhong Shan Aubo Metal Surface Treatment Co., Ltd.	Anodizing process	RMB500	(3) (Note8)	-	-	-	-	7,764 RMB 1,755	52.50%	4,076 RMB 921 (Note2)(2)B	20,296 RMB 4,604 (Note2)(2)B	-	

Accumulated Investment in Mainland China as of September 30, 2023 (Note1)(Note3)	Investment Amounts Authorized by Investment Commission, MOEA (Note3)	Limit on Investment Amount to Mainland China (Note5)
\$1,984,605 (USD 61,500)	\$1,984,605 (USD 61,500)	\$7,121,092

Note1 : The methods for engaging in investment in Mainland China include the following:

- (1)Direct investment in Mainland China companies.
- (2)Investment in Mainland China companies through a company invested and established in a third region
- (3)Other methods.

Note2 : In the column of profit or loss on investment:

- (1)The investment still in preparation and not generating profit or loss yet should be noted.
- (2)The gain or loss on investment were determined based on the following:
 - A. The financial report was reviewed by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.
 - B. The financial statements were reviewed by the auditors of the parent company in Taiwan.
 - C. Others.

Note3 : The amount of this attachment are expressed in New Taiwan Dollars. The exchange rate on the financial reporting date used for translating the amount of investment in foreign currency.

Note4 : It is the indirect investment repatriation amount through the reinvestment company World Gate Holdings Ltd.

Note5 : Maximum investment in Mainland China: 60% of net or consolidated net value, whichever is higher.

Note6 : It is directly invested by Zhong Shan Worldmark Sporting Goods Ltd.

Note7 : The actual remittance amount was HK \$15,000 thousand and RMB \$45,000 thousand, equivalent to approximately US \$5,500 thousand.

Note8 : It is directly invested by Zhong Shan Aubo Precision Technology Co., Ltd.

Note9 : It has been written off as a result of consolidated statements.

ATTACHMENT 9 : Transactions with the investee companies directly or indirectly through a third country following the occurrence of significant transactions, prices, payment terms and unrealized gains and losses were as below:

(1) Sale/Purchase:

(Unit: thousands of NTD)

Company Name	Related Party	Transaction Details				Details Different from Non-arm's Length Transactions		Notes and Accounts Receivable(Payable)		Remark
		Purchases/ Sales	Amount	Percentage of Total Sales or Purchases	Payment Terms	Unit price	Payment Terms	Balance	Percentage of Total Receivable (Payable)	
Fusheng Precision Co., Ltd.	Zhong Shan Worldmark Sporting Goods Ltd.	Sales	\$(46,278)	(0.33)%	T/T 60 days	Not applicable		\$13,812	0.57%	Note 1, Note 2
Fusheng Precision Co., Ltd.	Zhong Shan Worldmark Sporting Goods Ltd.	Purchases	6,174,428	52.34%	T/T 60 days	Not applicable		(3,807,451)	(79.72)%	Note 1, Note 2

Note1 : The above ratios are calculated based on the company's individual financial statements.

Note2 : The above important transactions have been written off as a result of consolidated statements.

(2) Ending balance and purpose of endorsement guarantees or collateral : None.

(3) Ending balance, maximum limit, interest rate range and current interest amount of financing : None.

(4) Other investments that have significant impact on the current profit or financial condition : None.